FINANCIAL TIMES

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Dollar crisis—top-level talks in London • Foreign exchange & gold markets to be closed again to-day

U.K. seeks to align policy with EEC

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

The British Government is to press for an early meeting of the Group of Ten top finance and economic Ministers to decide on a concerted programme of measures to solve the present international monetary crisis, following President Nixon's surprise week-end economic measures.

But before the meeting of the Group of Ten can be arranged, Ministers want to discuss the effect of President Nixon's statement with the members of the EEC. British officials have already been in touch with representatives of West Germany, *Italy* and *France to convene a* meeting at official level in the next few days.

The British Government is particularly anxious *to co-ordinate its* policy with its future partners in the EEC.

The decision was taken at an hour-long emergency Cabinet meeting at 10, Downing Street last night, from which Ministers emerged *determined to seek* an agreed international solution to the crisis and to avoid any unilateral reaction.

Parity changes

The Cabinet meeting took place while another session of leading U.S. and European monetary officials was drawing to a close at a U.S. Embassy house in Kensington.

At a Press conference at the U.S. Embassy afterwards, the U.S. Under-Secretary to the Treasury, Mr. Paul Volcker, said he recognised that the President's package might lead "in some cases" to exchange-rate changes, but that whether the dollar floated or not would depend on whether other currencies floated. "In this business," he said, "it takes two to tango."

As a result of the U.S. measures, Mr. Volcker went on, "we can possibly work more forcefully than *before towards solutions.*" *But the U.S.* was not going to lay down a blueprint for the international monetary system, and it would not *be useful to have a conference on the lines of* the Bretton Woods conference of 1945.

The U.S. Treasury Under-Secretary was accompanied by Mr. Dewey Daane, a governor of the Federal Reserve Board. *He emphasised that his purpose in Europe was consultative, and that* "at the meetings so far we have met a very good understanding of our problems and of the *manner in which the programme is designed to* meet them."

Import surcharge

The meeting between Mr. Volcker and top European financial officials lasted two and a-half hours. *Germany was represented by Herr* Johann Schoellhorn, State Secretary at the Economics Ministry, Dr. Otmar Emminger, vice-president of the Bundesbank, and Dr. Wilhelm Hankel, from the Ministry's money and credit section.

The French representatives were M. Claude Pierre-Brosselette, director of the Treasury, and M. Bernard Clappier, first vice-governor of the Banque de France. From the U.K. there were Mr. Alan Neale, second permanent secretary at the Treasury, and Mr. Jeremy Morse, an executive director of the Bank of England.

Before Mr. Volcker's meeting with these officials he had had talks lasting about 50 minutes with the Chancellor Mr. Anthony Barber. He is due to leave the U.K. to-day for further discussions in Paris and Bonn.

At his Press conference, Mr. Volcker made it clear that the 10 per cent. surcharge only applied to some 50 per cent. of total U.S. imports, and that it applied to the landed value. Because of the existing legislation of car duties, the duty on imported cars could only be raised *from* 3½ per cent. to 10 per cent.

Following President Nixon's surprise announcement early in the day of sweeping measures to stem the dollar outflow and revive the U.S. economy, official dealings in most foreign exchange centres were stopped, and the principal subject of discussion was about what form the widely-expected devaluation of the dollar would assume. The London gold market also closed.

In Tokyo, the Bank of Japan took in a record $700m. at the old rate of exchange after the U.S. announcement. Most European foreign exchange markets were officially closed, and are expected to remain so *to-day*. Where dealings *took place in other centres yesterday*, the dollar was effectively floating well beneath its official floor, and rates of up to $2.55 to the pound were being quoted for travellers' cheques, against an official upper limit of $2.42 to the pound.

Nixon's main points

From other countries' points of view, the key items in the President's package were the temporary suspension of the convertibility of the dollar into gold, and the temporary 10 per cent. surcharge on imports of manufactured goods into the U.S.

The surcharge was being widely interpreted as a bargaining counter to force other countries to revalue against the dollar. President Nixon said in a key passage that it was an action "to make certain that American products will not be at a disadvantage because of unfair exchange rates. When the *unfair treatment is ended*, the import tax will end as well."

Yesterday evening, it was announced that the London foreign exchange market would again be closed to-day. The Swiss and Italian markets are also to remain shut, but Tokyo was again expected to open. The French market was closed for the Assumption Day holiday yesterday, but is *unlikely to reopen to-day*.

Reaction sought

The Common Market Commission is to hold an emergency meeting in Brussels to-day to consider the Community's position following the package. In an official statement, the Commission said: "Member States should adopt a common position to defend their interests and contribute to the re-establishment of international monetary order."

Immediately after yesterday evening's meeting with Mr. Volcker, Mr. Bernard Clappier, vice-governor of the Banque de France and also chairman of the EEC's monetary committee, said it would be beneficial to have a meeting of Common Market finance *Ministers*. M. Clappier said that Mr. Volcker had explained President Nixon's announcement but had added nothing new.

AT a Press conference at the U.S. Embassy after the meeting, Mr. Volcker said: "We are fully conscious of the fact that there are difficult repercussions on other countries. We want to get their reaction so we can improve growth together."

He describes the U.S. measures as "sweeping and integrated." America had been faced with a series of problems over a period of time—particularly inflation and unemployment. The proposals to safeguard the dollar were con*sidered the best way of tackling the problem.* Mr. Nixon had realised the difficulty of solving the problems, and knew the repercussions that would affect other countries, he said.

Speculators blamed

From Washington, John Graham, U.S. Editor, writes: President Nixon declared a national emergency to implement the 90-day wage-price freeze announced last night and the imposition of a 10 per cent. import surcharge.

The Administration is taking a strong line in its public statements about the dollar, insisting that it has not been devalued and that the U.S. was forced to suspend convertibility because of the activities of international speculators. Mr. John Connally, Secretary of the Treasury, went so far as to say at a Press conference that the President had not only taken no action on the *price of gold, but that he "doesn't intend to."*

News Summary

Equities unsettled; Index down 3.3

• U.S. TREASURY BILL rates ell sharply, threes to an estimated 4.97 per cent. (5.372) nd sixes *to about* 5.27 (5.770).

• LONDON STOCK MARKETS ere in a high state of uncertainty yesterday following Mr. Nixon's speech.

In the absence of any lead from he foreign exchange and gold ullion markets—both closed —there was great confusion bout the outlook for Stock Exchange values in view of possible widespread curency adjustments to the U.S.S.

At the opening of markets, herefore, there was widespread marking down and widening of uotations in equities and gilts nd a general marking up of South African gold shares. For the most part, however, trading was unusually quiet.

Leading issues picked up quite well after news of Wall Street's good start and the index 5.8 down at 2.45 p.m. closed only 3.3 off at 409.3.

Likewise, gilts firmed in quiet trade in front of reports of lower yields on U.S. bonds which took London quotations to a firmer basis, generally by ¼ to ½ up on the day.

A burst of strength in Golds was short-lived and prices quickly came back on lack of buying interest.

Short-term Eurodollar interest rates rose sharply, the key three-month to 9½-9¾ per cent. (8-8½ per cent. on Friday). Page 20

ULSTER

PM cool on House recall

The Prime Minister last night reacted coolly to Mr. Harold Wilson's request for a recall of Parliament to discuss the Ulster crisis but said that he would keep the possibility of recall closely in mind.

Ulster Premier Brian Faulkner flies to London to-morrow for talks with Mr. Heath. There seems little doubt that Mr. Faulkner will try to stamp firmly on suggestions for tripartite talks involving Mr. Lynch. Back Page

Not enough, says Malta

Britain has been told by Malta through diplomatic channels that the U.K.-NATO offer of £8.5m. a year in cash and economic aid is inadequate, informed sources say. Malta has not given an indication of what it believes to be sufficient, but the door has been left open for talks on the basis of the offer. Page 5

REST OF THE NEWS

Cairo, which fears a new explosion between Syria and Jordan as the two countries' border forces build up, is making every effort to persuade the two to show restraint. Page 6

China has pledged its support for Sudan's independence "against all pressures." Sudan will shortly sign a special protocol with Peking for the financing of projects. Page 6

American bombers blasted North Vietnam troops near the demilitarised zone.

Long-range weather forecast: below average temperatures, near-average rain and sun. Page 3.

BUSINESS

Truman split

● TRUMAN Hanbury Buxton *Board is split* virtually evenly on the Grand Metropolitan Hotels and Watney Mann bids. *Chairman* Mr. D. A. Pease leads five directors who support Grand Met.'s offer, currently worth *about* 440p a share, while managing director Mr. George Duncan leads four other directors back*ing Watney Mann's* bid, worth 465-470p a share. Back Page; Page 13

● WHITBREAD'S CHAIRMAN, Col. W. H. Whitbread, is to retire *at the end of this year and for* the first time since 1742 his successor—present chief executive Alex Bennett—*will not be a member* of the Whitbread family. The company is aiming for another *big improvement in profits* this year. Back Page; Page 19; Lex

● STEEL *OUTPUT* at Port Talbot is threatened by an unofficial pay strike by about 2,000 white-collar workers who walked out yesterday over a demand for an 8 per cent. cost-of-living pay increase. Back Page

● £12.8m. WAS PAID OUT by the Government's redundancy fund in this year's second quarter, £3m. more than in the first. Since this money represents a 50 per cent. rebate of the total *paid out* by employers, the actual first half redundancy pay-out—to over 170,000 workers—was *about £45m., one-third more than* in 1970's first half. Page 21

●ABOUT 1,500 EMPLOYEES at four Zenith Carburetter plants are to start short-time working from next Monday. Back Page

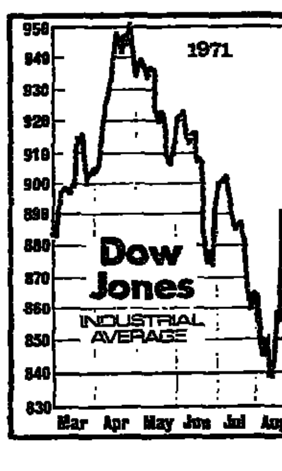
Hattersley Stelrad reports pre-tax profit for the year of *£1.29m.* (£818,000) and the final is 22½ per cent. for a total of 37½ (35). Page 18

Ward and Goldstone final is 14 per cent. for a total of 20 (15) on pre-tax profit of £1.99m. (£1.24m.). Page 18

Wall St. records: Dow up 32.13—volume over 31m.

BY JUREK MARTIN NEW YORK, August 16.

WALL STREET has not seen a day quite like this for a very long time. Apparently concluding that President Nixon had last night prescribed the right medicine for the ailing economy and the sick dollar, the Stock Market set new records left, right and centre as it went along.



The Dow Jones Industrial Average closed at 888.95, up 32.93 points (or 3.84 per cent.), the largest single daily gain on record eclipsing the 32.04 point advance of May 27 last year. Volume for the day was 31.72m. shares, the first time it has ever exceeded 30m. shares. At one time in the course of the session the Dow was up about 35 points: *some slight profit-taking set in* in the early afternoon hours, but the Dow was moving up again at the closing bell.

The New York Stock Exchange was a scene of bedlam for much of the day, especially in the morning. The demand for shares was such that flood traders could barely get to their posts. Two hours after the opening bell, ten of the 30 stocks in the Dow *Industrial* Index had not opened: some of them, including General Motors and Ford, did not trade all day. Chrysler was first quoted only about 15 minutes before the closed but ended up $4⅞ on a *volume of more than* 750,000 shares. International Business Machines was in huge demand: it *did not open until the last hour* but when it did it was up no less than 25 points at $320.

The advance was incredibly broad-based. Over 1,500 shares rose in price and just 107 declined. The handful that were down on the day included some gold-mining stocks and the shares of a number of foreign companies, of which Sony was a notable example: it lost $3 to $16 on a volume of 415,500 shares.

The activity on the Stock Exchanges almost completely overshadowed that of other key markets. One of these, the New York Foreign Exchange Market, barely existed to-day, the head *of one major bank's foreign* exchange department described it as "a small inter-bank market, *mostly from position dealers.*"

The Canadian dollar was easily the most frequently offered cur*rency and continued to appre*ciate against the U.S. dollar, but most of the other European cur*rencies that have been in such* heavy demand of late slid back in desultory trading. The D-Mark was back to 29.58 cents and the Swiss franc to 25 cents. The pound at one time was as high as 2.45 but slipped back to 2.42½ by early afternoon.

"No one knows for sure what will happen now," the bank trader said. He suggested that the German, Swiss and Dutch currencies might be able to sustain an effective 10 per cent. revaluation against the dollar, but doubted whether others could. But with virtually all the international foreign exchange markets closed for the foreseeable future, he added: "All bets are off for the moment."

Commodities

The Bond markets were naturally buoyant. As in the *Equity markets, the advance was* broadly based: resale corporates were up about 2¼ points in the *early afternoon. Bond market* dealers appeared convinced that long-term interest rates would *come tumbling down in the next* three months. "Triple-A rated utilities," said one dealer, "*which until to-day returned* better than 8 per cent. will surely decline to 7 per cent. and *I wouldn't be at all shocked if* they went down to 6½ per cent."

The various commodities exchanges in Chicago and New York were in total disarray and it was hard to keep a running check on which commodities were being traded and which had been suspended. The confusion stemmed in part from widespread uncertainty this morning as to which items would find themselves subject to the 10 per cent. import surcharge and which would be exempt. Among the commodities in which trading was suspended were tomato paste futures, silver, concentrated orange juice futures, and even, for a while, broiler and steer-trading.

In the turmoil of the day, it was not easy to find sober assess*ments of what the President's* actions meant for the financial community.

On other pages

President Nixon's main measures

CONVERTIBILITY of the dollar into gold or other reserve assets is suspended.

IMPORTS—A 10 per cent. surcharge, with exceptions for crude oil, petroleum products, meat, sugar, dairy products and cotton textiles (which are already subject to restraint). Also exempted: the $100 allowance for returning American tourists bringing in duty-free goods.

PRICES, WAGES AND DIVIDENDS—Frozen for 90 days. A Cost of Living Council has been set up to achieve stability at the end of this period.

FOREIGN ECONOMIC AID—To be cut by 10 per cent.

EXCISE TAX—The 7 per cent. levy on cars is repealed. This will mean a cut of about $200 (£83) a car.

INCOME TAX—Personal income tax exemptions scheduled for *January 1, 1973, will be brought forward to the start of next* year. Taxpayers can therefore deduct an extra $50 for each exemption a year earlier than planned.

R AND D—New proposals to be introduced to stimulate research and development.

FEDERAL SPENDING—To be cut by $4,700m. Civil service pay rises postponed and Government employment to be cut by *5 per cent.*

JOBS—Congress is to be asked to enact the Job Development Act of 1971 as a first priority. A 10 per cent. job development credit for one year is proposed from yesterday followed by a 5 per cent. credit from August 15, 1972. This is a tax credit *for new investment.*

Nixon takes a strong line

BY JOHN GRAHAM, U.S. EDITOR WASHINGTON, August 16.

The Nixon Administration is taking a strong line in its public statements about *the dollar*, insisting that it has not been devalued and that the U.S. was forced to suspend convertibility because of the activities of inter*national speculators.*

Mr. John Connally, Secretary of the Treasury, went so far as to say at a Press conference that the President had not only taken no action on the price of gold, but that he "doesn't intend to."

At the International Monetary *Fund*, the American director explained President Nixon's actions to a Board meeting. The *suspension of convertibility did* not come as a complete surprise after the waves of dollar selling in Europe, but there was astonishment at the comprehensiveness of the President's programme.

There was also considerable doubt about what would happen next. The IMF more or less had to wait for the Group of Ten deputies in Europe to decide, before itself agreeing to take whatever technical steps were necessary.

In general, Mr. Nixon's proposals have been well received in American financial, business, political and public circles. The President *spoke by telephone to* Mr. Wilbur Mills, chairman of the Ways and Means Committee, and Mr. *Mills responded favourably* to the massive list of decisions. His committee's approval will be necessary before the Administration can effect the tax reductions, or the Budget cuts.

To-morrow the President is going to have all important Congressional committee chairmen to a meeting in the White House. The public exposition of all that is going on is being left mostly to Mr. Connally. And this morning Mr. Connally said that "I wouldn't characterise the President's action as a devaluation."

In his judgment, the dollar will rise against some currencies, and fall against others. He *refused to predict* what would happen when the markets reopened, or what mechanisms *would be in play, but he agreed* that the new policies had already affected the markets.

It is clear that the Administration took the decision leading to the President's amazing statement very recently. It seems that the realisation that something was needed was made at the most three weeks ago, and possibly a good deal less. Mr. Connally admitted that there had been a culmination of events, of which the deteriorating trade balance and the international monetary disorder were the most likely "proximate cause."

THE £ ABROAD

—	Close Aug. 16	Close Previous
New York (Spot)	$2.4232-4260	$2.4186-4196
Do. (1 month)	0.20-0.55prem	0.20-0.35prem
Do. (3 months)	0.15-0.30prem	0.16-0.30prem
Do. (12 months)	0.96-0.66 dis	0.96-0.65 dis

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISES

Treasury 9pc 92/6	£97	+ ½
Abercom Invests.	192	+ 4
Camden Group	36	+ 5
Cawoods	141	+ 6
Hambros Bank	320	+ 18
Kwik Save	208	+ 12
Land Investors	125	+ 10
Lex Service	235	+ 11
Lyons (J.) 'A'	303	+ 7
M.K. Electric	129	+ 4
Melbray Group	25	+ 4
Rank Organistn. 'A'	892	+ 34
Ransome Simms	136	+ 8
U.K. Property	200	+ 25
Ward & Goldstone	131	+ 9
Willows Francis	62½	+ 5
Shell Transport	409	+ 5
Vaal Reefs	575	+ 5
W.R.I.T.	870	+ 20
Gold Mines Kalgurli	25	+ 5
Messina	268	+ 8

FALLS

Atlas Stone	145	− 6
BSR	344	− 19
Barclays Bank	507	− 11
Brit.-Amer. Tobacco	341	− 12
Brown Bros. & Albny.	153	− 7
Commercial Union	452	− 8
De La Rue	217	− 8
Distillers	131	− 6
Grattan Warehouses	268	− 6
Interntl. Computers	110	− 6
Peak Trailers	41	− 5
Ralli International	121½	− 4
Rothschild Inv. Trust	470	− 15
Sears 'A'	128	− 10
Trafalgar House	118	− 5
Meekatharra	65	− 8
New Broken Hill	445	− 15
Peko-Wallsend	380	− 10
Whim Creek	215	− 13

U.K. DAILY STOCK INDICES

FINANCIAL TIMES

	Aug. 16	Aug. 13	Yr. ago
Govt. Secs.	75.18	75.13	78.02
Fixed Interest	74.56	74.51	72.87
Industrial Ord.‡	409.30	412.60	331.90
Gold Mines	58.60	58.20	49.35
Ord. Div. Yield pc	3.73	3.71	5.03
Earnings Yield pc	5.83	5.80	6.87
P/E Ratio	17.14	17.26	14.56
Dealings Marked	12,469	11,590	7,615

‡ Industrial Ord. (noon) 407.10.
For Latest Share Index 'phone (01)-248 2671

F.T. ACTUARIES

	Aug. 16	Aug. 13	Yr. ago
Industrial Group	167.55	168.92	—
500 Share	183.39	184.82	132.69
Div. yield pc	3.61	3.58	4.86
P/E Ratio	17.84	17.98	13.66
All Share	180.58	181.86	126.82
Consols yield pc	9.19	9.18	9.32

ANNUAL STATEMENTS

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Stop-go and stagnation · Running water resources

Sir,—I have not read Mr. Manser's publication "Britain in Balance," nor wish to discuss its main propositions, but would like to comment on one point made by Christopher Johnson towards the end of his review (August 12).

Christopher Johnson argues that "Government action on the balance of payments is (not) the only reason (for our slow growth of productivity). A healthier economy, far from succumbing to official deflationary measures, would have rendered them unnecessary."

In an article by David Kern and myself in the spring edition of the "Business Economist," which was concerned with this very issue, it was shown clearly, and I think conclusively, that industrial investment is determined by the twin factors of the level of corporate profits and the current rate of expansion of the economy, while the profit level in turn also depends on the rate of growth. To take the argument rigorously a stage further, growth in combination with balance of payments equilibrium requires the appropriate exchange rate.

There is thus an extremely clear cut and very simple casual relationship between the growth of productive potential and the policies adopted towards the balance of payments. Deflation reduces growth and profits, and therefore reduces investment and the productive growth of the economy, while adjustment of the exchange rate has a direct and favourable effect on profitability, and therefore on investment.

Historical factors

It is, of course, true that at any particular point in time an economy may be efficient or inefficient because of historical factors which are independent of current Government policy regarding the management of the economy. However, over the time period relevant to fundamental industrial and social change, say 15 years or more, the cumulative effect of Government policy is considerable, if not overwhelming.

Thus, if at some point in the first decade after the second world war the Government had adopted a policy of maintaining steady expansion of corporate profits, through expansion of demand, letting the exchange rate move in response to any balance of payments disequilibria, our present situation would be quite different from its present one, which is the culmination of pursuing the worst possible industrial policy—stop-go with long periods of stagnation and a reluctance to move the exchange rate until as late as possible.

This latter policy has slowed down the change that should normally occur through the relative growth of the better managed companies, has helped to create lame ducks, and has ensured that when major industrial bankruptcies occur they do so not in an atmosphere of prosperity but against a background of heavy unemployment when the social repercussions are much worse.

It is, of course, a persistent temptation for Government, which exerts considerable influence on the terms of public discussion, to try to put the blame for problems on "the people" rather than to take it itself. However, in this case the factors influencing investment, which is the motive force of most economic change, are so clear cut that the predominant role of policy over a period of time can hardly be denied.

D. F. Lomax.
36, Harefield, Hinchley Wood, Esher, Surrey.

Conversations in private

Sir,—I disagree with Mr. Engert in his criticism of the new Inter-City rolling stock.

I have found that private conversations are more likely to remain private when they take place in an open coach rather than a compartment, for the simple reason that on average, strangers are in closer proximity when seated in compartments.

Furthermore, I feel that Mr. Engert is very unfair in describing this new service as an example of the down-grading of quality. Air conditioning, public address systems, etc., should have been with us years ago, but now they have arrived surely British Rail should be applauded, not scolded.

L. J. Corder.
Bidlake, Inworth Road, Feering, Near Colchester, Essex.

Plumbing in France

Sir,—In your issue of August 10 you print an article from your Washington correspondent, in which you say that "Britain's decision to switch over (to metric) signalled the collapse of the last remaining bulwark outside North America against an increasingly metric world."

Sir, why do you thus discriminate against the French? Surely you are aware that throughout "La Belle France" the entire plumbing and piping industries calculate dimensions in English measurements? Admittedly the inch is often called "pouce," but there is no mistaking their devotion to the "demi-pouce; pouce (1p); pouce et quart (1¼p); 2" (2p), etc.

When I told our plumber that we were abandoning the inch and going all metric in England he was horrified, and asked me whether perhaps Japan would be able to supply them with their valves and other plumbing fittings to inch dimensions and, let me add, with standard British screw threads.

Perhaps, if you are good enough to publish this letter one of the Government experts will kindly explain why it is proposed to change this obviously well-established export business.

J. H. Millar,
Chairman of the Board,
Avica International.
49, Avenue Hector Otto, Monaco.

XD date on a warrant

Sir,—I would like to congratulate Bassett's the sweet people on their dividend warrants which have a note on them to tell you the date when they went ex dividend. This is the first time I have noticed a date on a warrant and it does save such a lot of trouble if one had sold the shares at an earlier date. It is a wonderful method of cutting out all the work of reclaiming dividends when one has sold the shares.

A. G. Elliot,
Elliot Right Way Books.
Kingswood Buildings, Kingswood, Surrey.

Status for buyers

Sir,—The article by Mr. A. Thorncroft ("The Forgotten Man of Selling") drew attention to the potential for profit improvement available to industrial companies through the buying function.

Unfortunately, it is only when the economy is in a depressed state that the role of the buyer within the company is studied. While sales are booming many companies allow their material costs to increase unnecessarily and only in slump conditions do they try and cut costs. How much better it would be for the country if all companies gave to their buyers the status and authority necessary for them to keep material costs to a minimum at all times.

Few marketing men appreciate the contribution that good buying can make to profits, and this is borne out by the inaccuracy contained in Mr. Thorncroft's article. He says that a 10 per cent. saving in purchases is equal to a 10 per cent. increase in sales. The truth is, of course, that £100 saved on material costs is a direct contribution to profits, whereas a £100 increase in sales may mean only a £10 increase in profits depending upon the particular profit margin on sales.

R. M. Saunders.
15, Longfield, Great Missenden, Bucks.

A lesson from the Clyde

Sir,—It seems to me that some lessons should be learned from the fact that whereas the Belfast shipyard recently in financial trouble received Government funds, the Upper Clyde yards in the same situation, were refused this kind of assistance. Is one of these lessons that Scotland should have its own Parliament?

D. E. Wood,
12, Lawman Court, Broomfield Road, Kew, Richmond, Surrey.

Organisation for water resources

Sir,—Mr. Simeons (August 10) advocates the establishment of multi-purpose authorities responsible for functions now performed by river authorities—not it is to be noted, River Boards as he describes them, who were abolished by the Water Resources Act 1963—water undertakers and sewerage authorities and urges the Secretary of State for the Environment to adopt this form of organisation instead of maintaining single purpose authorities which was the form of organisation favoured by a number of members of the Central Advisory Water Committee.

A case can, of course, be made out for multi-purpose authorities but it is to be noted that the report of the committee, having set out the rival contentions, did not recommend either system. It follows that the case is not as strong as Mr. Simeons would have us believe. Indeed the establishment of multi-purpose authorities, particularly at this juncture has manifest disadvantages.

When considering how the functions relating to water conservation, management of water resources, water supply, sewage disposal and the prevention of pollution can best be organised it is essential to take into account the following factors:—

(a) the anticipated increase in the demand for water by the end of the century, and (b) the paramount importance of dealing, as a matter of urgency, with shortages of water which exist in certain areas to-day and those which will undoubtedly arise during the next five to ten years.

The second factor is illustrated by the long time it takes to bring into operation a new major water supply scheme, often some seven to 10 years from the date when the preliminary investigation of the scheme commences.

In the foregoing circumstances the long-term solution must cater for the short-term problem. Care must be taken not to be unduly influenced by the attraction of a tidy overall pattern. Tidiness of itself will produce nothing.

The problem includes a degree of urgency which at times is in danger of being overlooked. Unless water resources are augmented in some parts of the country with the greatest possible dispatch, the probability of serious shortages cannot be dismissed.

Extensive and fundamental reorganisations involve considerable disruption; new authorities have to be created necessitating complicated and controversial legislation. During the period of planning and debate it would be impossible to avoid a considerable degree of stagnation resulting from uncertainty as to the ultimate and precise pattern of the new organisations. The actual work of construction, reconstruction and unification would have to wait until the new authorities have been created.

In view of the nature of the services involved a high degree of public accountability must be included in any new legislation thereby making it controversial. The ideal solution appears to be that which would reduce to a minimum the delay which because of the necessity to legislate cannot be avoided, and yet one which contains a considerable degree of elasticity in order that unknown and changing circumstances of the future could be met without great disruption.

Efficiency

For the foregoing reasons it is contended that the creation of multi-purpose authorities, inevitably involving a massive reorganisation and complex legislation involving highly technical issues should at this stage be rejected. Whether or not they might ultimately be the most efficient units can only be assessed at a future date after the single purpose authorities have been regrouped and modernised.

If single purpose authorities are accepted, the staff of those authorities could direct their entire attention to one specific problem. If such a policy were adopted the three services could be reorganised simultaneously without one being given priority over the other which would be inevitable if the reorganisation of the three services were undertaken under one authority.

It is generally accepted that the multi-purpose authority would be based upon river basins. It would be impossible, unless quite arbitrary boundaries were adopted, to make the areas of the water undertaking coincide with the river basins. Indeed, many large water undertakers obtain their water from river basin areas wholly unconnected with their area of distribution.

For the foregoing reasons—*inter alia*—it is contended that the changes which must be introduced should be based upon single-purpose authorities.

Finally I must point out the establishment of multi-purpose authorities would involve the elimination of statutory water companies. The companies were the pioneers of public water supplies and are among the most efficient undertakings in the industry; of the 18 largest undertakings, nine are companies. They have played a prominent part in an industry which gives the finest water supply in the world.

Sir John Cockram,
Chairman,
The Water Companies' Association.
15, Great College Street, S.W.1.

Rates and wrongs

Sir,—I am afraid that I cannot agree that the Japanese local income-tax system described by Mr. Hurley (August 11) is equitable, although I entirely agree with his dissatisfaction at our own rating system—instituted let us not forget, in 1601.

When considering rates it is as well to remember that the tax is levied upon the building—be it a home or place of work, both of which are fundamental to human existence and the maintenance of natural rights. But if the building is in good condition or improved the tax is high; if in poor condition the tax is low. I am sure that these facts are generally known but the system is so blatantly irrational that I feel bound to bring it once more to your attention.

In my view we cannot long delay the inevitable conclusion to a situation steadily worsening each year under a system which discourages improvement, creates slums, brings local authorities into debt and near bankruptcy and prohibits the adequate provision of public amenities. Locally or nationally we cannot go on taxing labour, penalising production and discouraging earnings and capital.

The community creates its own natural fund in the form of land value. Even a small levy would bring a large amount to the community. Will somebody please tell me why this system has not been tried?

M. J. Hawes.
19, Eccleston Square, S.W.1.

Industrial Cinderellas

Sir,—Much of what Mr. Oliver writes is so accurate that I am sure his comments when read by some, will be hurriedly disregarded. Disregarded because these truths will be acutely embarrassing.

I heartily applaud his letter (August 6), but have the impression that space permitting, he would have easily, and no doubt very ably, enlarged his pertinent arguments. Mr. Oliver asks, "do you know what has happened to your supervisors?" One answer might be that a large proportion have become "utterly frustrated." Frustrated because their ideas and suggestions fall on deaf ears, or are not acknowledged when subsequently used; frustrated because they do not get support when they need and expect it, or because their responsibility and authority is so limited that their status is constantly challenged by subordinates.

Let me add to this list, slow and inaccurate communications, lack of personal ability to understand company structure and resources—particularly finance. These are some typical complaints we have had repeatedly from several hundreds of supervisors who have attended our central management courses. Regrettably these complaints have altered little even during the past decade of "enlightened" management.

Whilst I support fully the four aspects of supervisor involvement recommended to senior management, I would like to see included some appropriate management training to help speed an understanding of present day business. But the important issue is to employ this potential, to encourage full participation which achieves that reward of personal satisfaction, "being a complete company man."

A final flourish with which I hope Mr. Oliver will concur. Not to use, or indeed to misuse this level of man-power is senseless and wasteful. This is especially so when a high proportion of this resource is within the "younger" age bracket, for from this body stems the top management nucleus of the future. If that is senseless, then it is probably criminal not to involve the older supervisors, for here lies the experience and skill, which when fully employed provides the base for a future successful management.

W. L. Hirsh.
OTMA Management and Sales Training Consultants.
6, Carlos Place, London, W.1.

Small business problems

Sir,—The comment in Mr. Attwell's letter of August 6 that advisory services for the smaller firm are not marketable is more true than perhaps he realises. I fully agree that many of those offering advice do not understand the problems of the small business, though many of these people are extremely competent at advising large firms. But even if Mr. Attwell can gather together a team of competent people (very rare birds) he will find that operating an advisory service solely for smaller firms cannot be done on a break-even basis let alone profit making.

The reason is not far to seek. It has to do with the ratio of selling costs to chargeable time and can be proved by simple arithmetic. Anyone attempting to sell services or products to small firms soon finds that he can make a bigger profit by concentrating on large firms.

Mr. Attwell will know that in 1953 the old National Union of Manufacturers, set up a management advisory service for its members, mainly small firms. They had the aid of a grant from the Board of Trade. After the advisory service (NUMAS Management Services Ltd.) became independent, it found that it could not survive by serving small firms only; it had to deal with big firms too.

I had the privilege of working for NUMAS for several years before taking up my present appointment as director of the only comprehensive service in Britain offering information, advice and assistance on both management and technical matters, geared to the needs of small firms. We receive grants from public funds but if we had to stand on our own feet I know full well that it could only be done by dealing with large firms too.

I wish Mr. Attwell every success in his endeavour and shall be pleased to exchange knowledge and experience with him or anyone else interested in ensuring the survival and prosperity of the smaller firm.

E. G. Wood,
Sheffield Polytechnic Centre for Innovation and Productivity.
Halford House, Fitzalan Square, Sheffield.

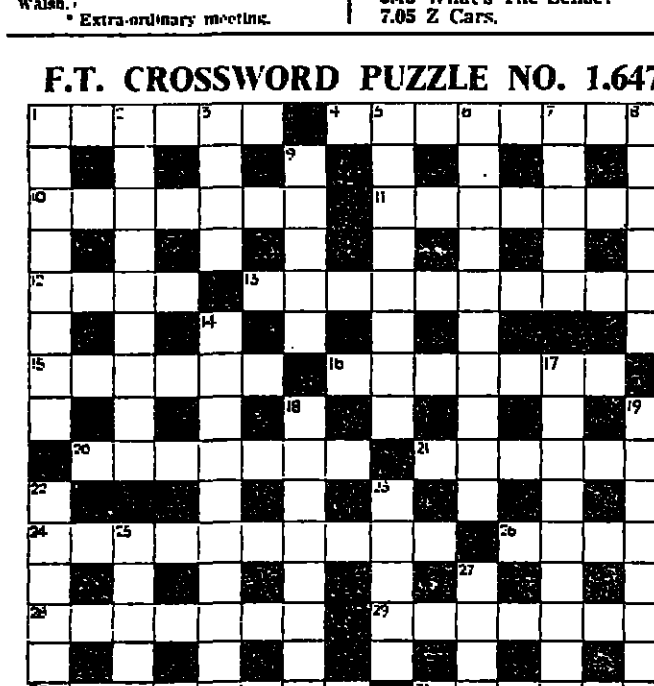
Events

To-day

COMPANY MEETINGS

ASSOCIATED TOOLING INDUSTRIES, Winchester House, E.C., 12. (Chairman, Mr. G. A. Staples.)
COLVERN, Great Eastern Hotel, E.C., 12. (Chairman, Mr. R. F. Collinson.)
***JUTE INDUSTRIES,** Dundee, 12. (Chairman, Sir John Carmichael.)
MOORGATE INVESTMENT, 100, Wood Street, E.C., 3.15. (Chairman, Mr. R. A. C. Whitmee.)
RIPPERS, Sible Hedingham, 12. (Chairman, Mr. P. S. Lane.)
SMITH HOLDINGS (WHITWORTH), Rochdale, 11.30. (Chairman, Mr. J. Walsh.)
* Extra-ordinary meeting.

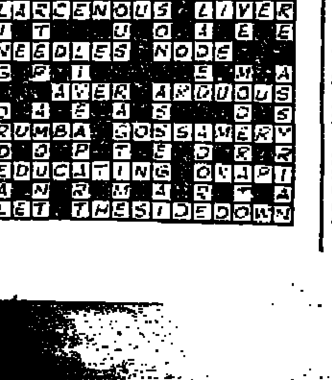
F.T. CROSSWORD PUZZLE NO. 1.647



ACROSS
1 Scotsman is after mother for riches (6)
4 High living can be found in the kitchen (8)
10 Artist takes a friend to look for a place in Italy (7)
11 Island parliament (7)
12 A cad with a list (4)
13 Mademoiselle but not from Armentières (10)
15 Thracian king is rather a monkey (6)
16 Rose red pot-pourri in church (7)
20 Duties which are usual among house agents (7)
21 The owl-eyed goddess (6)
24 Breaks mean a meal to a daily (5-5)
26 You see the French there in charge of the people (4)
28 Monster slain by Bellerophon (7)
29 The state is in a fair old mess (7)
30 African hotel gives no security for babies (4-4)
31 The girl is in to receive the bird (6)

DOWN
1 Demonstrators war about what is dear on the continent (8)
2 Emblem of Dominion (5, 4)
3 Toilsome loss of volume for an artist (4)
5 Went first round the top room with bars across (8)
6 "Them's me ——" (Thackeray) (10)
7 One must be in the plot—that's obvious (5)
8 R.A.F. spreader (6)
9 Thora is upset by the Pentateuch (5)
14 The Mikado sought a fitting one (10)
17 Transaction gets proportion into the open (9)
18 Outside the fairy starts to find fault (8)
19 Taste for swan-song (8)
22 Vote of assent gets the position to a T (6)
23 It is handy to include fifty in Holland (5)
25 Sound river from the North (5)
27 "Or on the shaggy top of —— high" (Milton) (4)

SOLUTION TO PUZZLE No. 1.646



TV/Radio

* Indicates programme in black and white.

BBC 1

12.35 p.m. Cymanfa Ganu O'r Genedlaethol: Y Gymanfa Ganu—hymn-singing from the Royal National Eisteddfod. 1.30 Watch With Mother. 1.45 News. 4.20 Play School. *4.40 Jackanory. 4.55 Vision On. 5.20 The Flashing Blade. 5.44 The Adventures of Parsley.
5.50 News.
*6.00 Nationwide and Your Region Tonight.
6.45 What's The Sense?
7.05 Z Cars.
7.30 Pop Go The Movies!: "I've Gotta Horse" starring Billy Fury with Michael Medwin, Amanda Barrie and The Bachelors.
9.00 Nine O'Clock News.
9.20 Ping-Pong In Peking.
10.10 My World . . . And Welcome To It.
10.35 Points Of View.
10.40 24 Hours.
11.15 Weather.

All Regions as BBC-1 except at the following times:—

Wales—*5.20-5.44 p.m. Telewele. *6.00-6.45 Wales Today. *6.45-7.05 Heddiw. *10.10-10.40 Speaking For Myself: Leslie Thomas, novelist.

Scotland—6.00-6.45 p.m. Reporting Scotland. 10.10-10.35 Sing Hi, Sing Lo. *11.15-11.40 Scottish Viewpoint. *11.40 Scottish News Headlines.

Northern Ireland—*6.00-6.45 p.m. Scene Around Six. *10.10-10.40 Portrait Of A Musician. *11.17 Northern Ireland News Headlines.

England—*6.00-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth). *10.10-10.40 North (from Leeds), Tale Of Four Cities: Leeds; North West (from Manchester), The Hall Collection: North East (from Newcastle). Bean's Boots: Swaledale; Midlands (from Birmingham) Contact: East Anglia (from Norwich) On Camera: West (from Bristol) Their Town: Lydney; South (from Southampton) 10.10-10.35 The Enthusiasts and 10.35-10.40 Celia Jeffreys sings A Song For Summer; South West (from Plymouth) Peninsula. 11.17 Regional News Headlines.

BBC 2

11.00 a.m. Play School.
7.05-7.30 p.m. Open University: Science 26.
7.30 News.
8.00 Summer Season presents Has the Past Got a Future? reflections on the British Museum and Library.
8.50 Collector's World.
9.20 The Oscars: James Cagney in "Yankee Doodle Dandy" also starring Walter Huston and Joan Leslie.
11.20 News on 2.
11.25 Late Night Line-Up.

LONDON

2.15 p.m. Racing From York. 3.40 Once Upon A Time. 3.55 Tea Break. *4.25 Peyton Place. 4.55 Lift Off. 5.20 How.
5.50 News From ITN.
6.00 The Flintstones.
6.30 Crossroads.
6.55 Never Mind The Quality, Feel The Width.
7.25 Tuesday Film: "The Return Of Frank James" starring Henry Fonda and Gene Tierney.
9.00 Dowager In Hot Pants.
10.00 News At Ten.
10.30 Armchair Theatre.
*11.30 Play Better Golf.
12.00 The Persuaders: Tony Iveson talks to the Rt. Hon. Lord Robens, a former President of the Advertising Association.

All ITV Regions as London except at the following times:—

ANGLIA

*4.10 p.m. Anglia Newsroom. 4.15 Yoga for Health. 4.40 Paulus. 6.00 About Anglia. 7.00 "Al Jennings of Oklahoma," starring Dan Duryea and Gale Storm. 8.30 Never Mind The Quality, Feel The Width. 11.30 Casting Around. 12.00 Reflection.

ATV MIDLANDS

1.45 p.m. Racing from York. 3.35 To-morrow's Horoscope. 3.40 Women To-day. 4.10 Peyton Place. 4.40 Hatty Town. 6.00 ATV To-day. 7.00 Star Movie: "Caxambu," starring John Ireland, Carol Ohmart and Keith Larsen. 8.30 Never Mind The Quality, Feel The Width.

BORDER

4.26 p.m. Border News Headlines. 4.28 Houseparty. 4.40 Hatty Town. 6.00 Border News and Lookaround. 7.00 Feature Film: "The Night Holds Terror," starring Vince Edwards and John Cassavetes. 8.30 Never Mind The Quality, Feel the Width. 11.30 Yoga for Health. 11.55 Border News Summary.

CHANNEL

4.00 p.m. Sean the Leprechaun. 4.10 Puffin's Birthday Greetings. 4.20 Moment of Truth. 6.00 Channel News. 6.10 Channel Lookaround. 7.00 Curtain Raiser. 7.05 Star Movie: "Barricade." 8.30 Never Mind the Quality, Feel the Width. 11.25 Channel Gazette. 11.30 Actualities et Projections.

GRAMPIAN

1.45 p.m. Racing from York. 3.40 Grampian News Headlines. 4.20 Moment of Truth. 4.50 Cartoon. 6.00 Grampian News. 6.10 Nanny and the Professor. 6.55 Tuesday Film: "Saturday Island" starring Linda Darnell, Tab Hunter and Donald Gray. 8.20 Never Mind the Quality, Feel the Width. 11.30 A Kind of Living. 11.45 Evening Prayers.

GRANADA

1.45 p.m. Racing from York. 4.10 News followed by *Peyton Place. 4.40 Yak. 6.00 Newsday followed by "Put it in Writing. 6.25 The Ghost and Mrs. Muir. 6.50 "Circle of Danger" starring Ray Milland. 8.30 Never Mind the Quality Feel the Width. 11.30 Out Front: Paco Pena's Flamenco Puro.

HTV

4.09 p.m. To-morrow's Horoscope. *4.14 Moment of Truth. 4.40 Tinkertainment. 6.01 Report West. 6.18 Report Wales. 7.30 On the Buses. 8.00 Hawaii Five-O. 11.30 Alive and Kicking—British Poets: Adrian Mitchell introduces Frances and Michael Horovitz.

SCOTTISH

*4.15 p.m. Plupp. 4.30 Crossroads. 6.00 Scottish News. *6.10 Hogan's Heroes. *6.40 Tuesday Feature: "The Spider and the Fly" starring Eric Portman, Nadia Gray and Guy Rolfe. 8.30 Never Mind the Quality, Feel the Width. 11.31 Talking Heads. 12.01 Late Call.

SOUTHERN

3.35 p.m. To-morrow's Horoscope. 3.40 Women To-day. 4.10 Houseparty. 4.23 The Enchanted Horse. 4.30 Crossroads. 6.00 Day By Day. 6.45 Never Mind the Quality, Feel the Width. *7.15 Tuesday Film: "Encore" starring Glynis Johns, Nigel Patrick and Kay Walsh. 11.30 Southern News Extra.

TYNE TEES

1.45 p.m. Play Better Golf. 4.10 North East Newsroom. 4.15 Room 222. 4.40 Diane's Magic Theatre. 6.00 To-day at Six. 6.25 Where the Jobs Are. 6.30 The Smith Family. 6.55 Tuesday Western: "The Outriders" starring Joel McCrea and Arlene Dahl. 8.30 Never Mind the Quality, Feel the Width. 11.30 Late News Extra. 11.45 Three Poets.

ULSTER

*4.15 p.m. Pluff and His Friends. *4.30 Romper Room. *4.50 Ulster News Headlines. *6.00 UTV News. *6.10 Mad Movies. *7.00 Mid-Week Movie: "The Hasty Heart" starring Richard Todd, Patricia Neal and Ronald Reagan. 8.30 Never Mind the Quality, Feel the Width. *11.30 Gourmet.

WESTWARD

1.45 p.m. Racing from York. 3.58 Westward News Headlines. *4.00 Sean the Leprechaun. 4.10 The Gus Honeybun Show. *4.20 Moment of Truth. *6.00 Westward Diary. *7.00 Curtain Raiser. 7.05 Star Movie: "Barricade" starring Ruth Roman and Dane Clark. 8.30 Never Mind the Quality, Feel the Width. 11.27 Westward Late News. 11.31 Faith for Life.

YORKSHIRE

*1.45 p.m. Play Better Golf. 4.10 Calendar News. *4.15 Matinee. 4.40 YAK. 6.00 Calendar News. 6.20 Marina—A Little Place in the Sun. 7.00 Tuesday Western: "They Rode West" starring Robert Francis and Donna Reed. 8.30 Never Mind the Quality, Feel the Width. 11.30 Farmhouse Kitchen.

RADIO 1 — 247m

Time checks, up-to-the-minute traffic reports and news summaries at 5.30 a.m., 6.00, 6.30, then every hour on the half-hour until 2.30 p.m., 3.00, 3.30, 4.00, 4.30, 5.30, 6.30, 7.00, 8.00, 10.00, 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.02, 6.32, 7.32, 8.32, 5.32 p.m., 6.32, 7.02, 2.02 a.m.

5.30 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Johnnie Walker. 10.00 Tony Blackburn. 12.00 Radio 1 Club. 2.00 p.m. Tony Brandon. 3.02 Terry Wogan. 5.00 What's New. 6.00 Sounds of the 70s. 7.03 p.m., until 2.02 a.m., Radio 1 joins Radio 2.

RADIO 2 — 1,500m; VHF

News summaries at 3.30 a.m., 6.00, 6.30 (VHF and 247m.), 7.00, 7.30, 8.00, then every hour on the hour until 3.00 p.m., 4.00, 4.30, 5.00, 5.30, 6.00, 6.30, 7.00, 9.00, 10.00, 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.02, 6.32, 7.02, 7.32, 8.02, 9.02, 5.32 p.m., 6.32, 7.02, 2.02 a.m.

5.30 a.m. News. 5.32 Breakfast Special. 8.27 Racing Bulletin. 8.55 Pause for Thought. 9.02 Michael Aspel's Open House. 11.02 Morning Story. 11.15 Waggoners' Walk. 11.30 Sing It Again. 12.02 Sam Costa puts the Accent on Melody. 1.50 p.m. Sports Desk. 2.02 Woman's Hour. 3.02 Sport on 2: Racing from York and Cricket County Championship. 4.15 Waggoners' Walk. 4.31 Sports Desk. 4.40 Charlie Chester offers music, letters and stars on disc. 6.02 Album Time with Brian Matthew. 6.45 Sports Desk. 7.03 On the Latin Beat. 8.01 Sports Desk. 8.02 Along Came Vince . . . Vince Hill and Terry Burton. 8.45 Brendan O'Dowda presents Shamrock Time. 9.15 Kenneth Alwyn introduces Lights of London. 10.02 Late Night Extra. 12.00 Midnight Newsroom. 12.05 a.m. Night Ride. 2.00 News.

RADIO 3 — 194m, 464m; VHF

7.00 a.m. News. 7.05 Morning Concert: Lully arr Leppard, Mozart, Scarlatti, Perti, Dittersdorf, Chausson, gramophone records. 9.00 News. 9.05 This Week's Composer: Elgar on gramophone records. 9.45 Rondo: Mozart, Gibbons, Mozart, Beethoven. 12.15 p.m. Cardiff Midday Prom: part 1: Weber, Mozart. 1.00 News. 1.05 The Concert Interval: discussion on the "Beckmesser complex" in musical criticism. 1.20 Midday Prom: part 2: Stravinsky, Schubert. 2.05 Alkan piano recital. 2.55 Shostakovich and Prokofiev: Chamber music. 3.05 Showcase: Dvorak, Prokofiev, Liszt. 4.05 Music In Our Time: Steve Reich. 6.00 Sing We At Pleasure. 6.25 Programme News: Stock Market Report. 6.30 Study On 3: Leconte: in Italia: part 9. 6.30-7.00 VHF Open University: Mathematics 27. 7.00 A Language in Your Briefcase. 7.30 The Proms: Verdi: Requiem Mass. 9.05 Can Drugs Change Personality?: talk. 9.25 Messiaen: Piano recital, part 1. 10.20 Cecile Sauvage: poetry readings. 10.25 Messiaen: part 2. 11.30 News Summary.

RADIO 4 — 330m; VHF

6.25 a.m. News Summary. 6.27 Farming Today. 6.45 Prayer for the Day. 6.50 Regional news, weather and preview. 7.00 Today: magazine: The News. 7.40 Today's Papers. 7.45 Thought for the Day. 7.50 Regional news, weather and preview. 8.00 News and more of Today. 8.40 Today's Papers. 8.45 The Day of the Triffids. 9.00 News. 9.05 From Our Own Correspondent. 9.35 With Great Pleasure: Cyril Fletcher. 10.15 Daily Service. 10.30 All Kinds of Music: British Light Music. 11.30 The All Electric Holiday Show. 12.00 You And Yours. 12.25 p.m. Brothers In Law. 12.55 Weather, preview and news. 1.00 The World At One. 1.30 The Archers. 1.45 Listen With Mother. 2.00 Steve Race's Invitation to Music. 3.00 C. P. Snow's Strangers and Brothers, part 22. 3.30 The Twelve Maidens: part 5, The Challenge. 4.00 Pick of the Bunch. 4.30 Story Time. 5.00 P.M.: News magazine. 5.50 Regional news. 6.00 Six O'Clock News. 6.15 Me and the Missus. 6.45 The Archers. 7.00 News Desk. 7.30 The Entertainers: Elsie and Doris Waters. 8.15 New Lifelines in Medicine: part 4, How to Live to 100. 9.00 The New Radicals: Do They Agree?: discussion. 9.59 Weather. 10.00 The World Tonight. 10.45 Afrikaner to Zulu: part 2, The Decline of the English-speakers. 11.00 A Book At Bedtime: "South Riding" part 2. 11.15 Late news. 11.31 Market Trends.

Racing

First day of York

by DARE WIGAN

YORK has been described as the "Ascot of the North," and it is fair to say that the overall quality of the three days' Ebor fixture that begins this afternoon on Knavesmire does not compare unfavourably with that provided at the Royal meeting.

This year, moreover, the two meetings are likely to have something else in common—that is to say, mud—and for this reason it may be rewarding to pay particular attention to animals who showed by their performance on the Berkshire course in June that they relish this commodity.

One of these is *Fleet Wahine*, an American-bred filly, who was an impressive winner of the Ribblesdale Stakes and who goes for the Yorkshire Oaks (3.30) this afternoon.

Whether or not *Fleet Wahine* wins is likely to depend on whether she meets *Maina*, who was runner-up to her stable companion *Altesse Royale*, in the Oaks, but who was out-sped by *Catherine Wheel* in the Nassau Stakes at Goodwood. When assessing their relative prospects, there are two points to consider.

For instance, to set against the proven ability of *Fleet Wahine* to act on soft ground, is her subsequent poor showing behind *Altesse Royale* in the Irish Guinness Oaks.

Also, the defeat of *Maina* by *Catherine Wheel* at Goodwood could be attributed to the fact that the distance was too short for her, for whereas in the Lancashire Oaks at Haydock a month earlier she had finished four lengths ahead of *Catherine Wheel*, at Goodwood she was three lengths behind her.

Noel Murless, who trains *Maina* for Mr. H. J. Joel, has a direct line to *Fleet Wahine* through *Melodina* and this prompts me to give preference to *Maina* this afternoon.

Although *Stilvi*, rated by many as the fastest two-year-old filly in the country, misses the Lowther Stakes (2.30), *Rose Dubarry*, *Valmara* and *Waterloo* all have claims to the title. The one whom I expect to win is *Waterloo*, trained at Richmond, Yorkshire, by Bill Watts.

In fact, there are solid grounds for expecting *Waterloo* to win, seeing that on her first appearance on a racecourse here in May, she defeated *Pert Lassie* by one-and-a-half lengths; and then, in the Ascot mud, ran clean away from her opponents in the Queen Mary Stakes.

She was not disgraced when finishing fifth, about five lengths behind the Coventry Stakes winner *Sun Prince* in the Prix Robert Papin at Maison-Laffitte last month.

Morris Dancer, who showed that he still had plenty of life in him when winning at Deauville last month, is capable of winning the Rose of York Handicap (3.00), a race that he won last year with 3 lb more in the saddle.

Captain Rose is 4 lb better off with the Goodwood Stakes winner, *Cossal*, in exchange for the head and neck that separated them in the March Handicap at Newmarket earlier in the season, and I doubt whether *Hickleton* will concede him 22 lb successfully in the Lonsdale Handicap (4.00).

Power Ruler, one of Paddy Prendergast's two runners at the meeting, will be expected to land the Eglington Stakes (4.30) following his bold effort when runner-up to *Royalty* at Goodwood, and is a confident selection to do so.

Though it is not one of the most important races at York this week, the Harewood Handicap (5.00) for three-year-olds and upwards, run over five furlongs, will be worth watching, and it will be interesting to see whether *Constans*, winner of his last six races, and at the age of six, probably the most improved sprinter in training, can carry 10 stone to success.

Piggott has elected to ride him in preference to *Red Track*, who carries 8 st 10 lb, and his decision has surprised me.

Moreover—and this is of greater significance—it will have surprised Mr. Phil Bull and the editorial staff of Timeform publication who rate *Red Track* to be better than *Constans* by 2 lb.

Piggott makes few mistakes when summing up a handicap, but it is equally rare for Timeform to be as much as 16 lb awry in their calculations, and it is my belief that *Red Track* will prove them right on this occasion.

YORK
2.00—Alonso
2.30—Waterloo*
3.00—Morris Dancer
3.30—Maina
4.00—Captain Rose
4.30—Power Ruler***
5.00—Red Track**

FOLKESTONE
2.45—Scott Lancer

100 MORE SR TRAINS FOR BANK HOLIDAY WEEK-END

More than a 100 extra trains are to be run by British Railways' Southern Region to South Coast resorts over the late summer Bank Holiday week-end. Sixty of them will be run on Bank Holiday Monday (August 30).

Combined rail and river trips will operate, with a rail-steamer-coach trip to the Isle of Wight on the Sunday.

Cheap tickets will be available to seaside resorts and from selected stations to race meetings at Goodwood and Windsor on Saturday, and to those at Epsom, Plumpton and Folkestone on Monday.

ADVICE FOR LOCAL AUTHORITIES

A working group, set up to prepare advice for the new local authorities on management structures, has invited evidence from more than 80 bodies, including professional organisations, staff bodies and universities. Views from others would be welcome as well, it states.

هكذا من الأصل

Broadway Buff

by GEORGE OPPENHEIMER

Brooks Atkinson who, for many years was dean of the New York drama critics, and alone among them has a theatre named after him, has written *Broadway* (Cassell, £3.25). It is a 50-year history of the fabulous avenue on which, at the moment, there are extraordinarily few theatres, most of them being on side-streets that lead off Broadway.

Once upon a time the "Great White Way," as it was then called, contained many more theatres on the avenue and off than it does now. Off-Broadway has taken up much of the slack of diminishing playhouses, but in the first part of the century *it was not* called "off-Broadway" and was located in a few isolated spots, such as the Washington Square Playhouse which developed into the Theatre Guild, the Provincetown Playhouse which introduced the works of Eugene O'Neill, and the Neighborhood Playhouse which specialised in the exportation of many foreign dramas.

Mr. Atkinson has written not only an exhaustive study of the theatre on Broadway for the first half century, but has filled his text with anecdotes, portraits of the numerous denizens *of the* theatre, and *copious* information. In addition, he has added a postscript of less than 40-pages, including illustrations, that sums up too briefly the period from 1950 to 1970. This is the one and only fault of the book, and yet it is not too glaring a one, since this later period is so transitional that it is almost impossible to sum up in even a longer essay.

"From 1900 to World War I," says the author, "it (Broadway) was provincial and parochial. It had no serious relations to art or life." In those days the star, not the play, was the thing. Anyone who has read or seen O'Neill's *Long Day's Journey Into Night* will recall how O'Neill's father, James, was trapped in a production of *The Count of Monte Cristo* which he performed for years on end, toured all over the country and from which he was unable to escape.

The majority of plays were writen as vehicles for stars, and Mr. Atkinson draws vivid portraits of Maude Adams, Mrs. *Fiske, the Barrymores, George* M. Cohan (who wrote and rode in his own vehicles), John Drew and scores of others. Those were the days when the star made his or her grand entrance, carefully planned so that latecomers would *all be seated, and, of* course, greeted with loud applause.

After the war the playwright began to assume his ascendancy, particularly in the *case of* O'Neill. The vehicle play did not, by any means, completely disappear, but a new breed of playwright began to declare its independence and to create what Robert E. Sherwood, one of the best of them, called, "the dwelling place of wonder."

Mr. Atkinson details a generous number of episodes in the conception and growth of productions. Much is told of David Belasco whose God was realism and who, in one of his plays, is supposed to have trussed up a cat and released it just before the curtain rose so that it would stretch in front of a fire. With his clerical collar and his histrionic tantrums, he was known to smash scores of cheap *watches in simulated rages.* He tells too of the drama of the actors' strike against existing inequities imposed upon them by many producers and the resulting deeply-felt hostilities; of Ziegfeld who glorified the American girl and employed some of the greatest beauties of the time in his Follies; of Arthur Hopkins who lifted the theatre *to new levels of* art, and of scores of others.

There is a superb chapter, "The Royal Family of Actars," on the Barrymores and the matriarch of the family, Mrs. John Drew. The scope of the book is, in fact, enormous with verbal portraits of almost every major contributor to the art of the American theatre. In addition, there are generous amounts of illustrations that recall nostalgically the by-gone days.

There may eventually be a new kind of theatre, certainly more serious and possibly more significant, but for those of us who remember the Lunts, Katharine Cornell, Helen Hayes, *Life With Father*, and the lavish musical revues of the '20s and the '30s and of *What Price Glory* which shocked another generation of playgoers and which would seem extra*ordinarily mild in comparison* with the utter permissiveness of to-day, there is magic in these memories.

Ethel and John Barrymore in 1912

"Wozzeck" produced by Gustav Rudolf Sellner and conducted by Karl Böhm with Geraint Evans in the title role.

Letter from Salzburg

Wozzeck

by ELIZABETH FORBES

Out of four new productions at this year's Salzburg Festival, only one—*Wozzeck*—was an un*qualified success.* Nearly half a century after its first performance, Berg's opera, though long considered a repertory piece in German-speaking countries, still retains *all its power* to shock, to jolt the listener out of his complacency. Indeed the shock is probably greater in 1971 than it was in 1925. *Wozzeck* can now be seen as the end of an old road, not as the beginning of a new one. A landslide has swept the rest of the path away, and left us standing on the edge of a precipice.

The production in the larger Festspielhaus by Gustav Rudolf Sellner, and the sets and costumes by Jürgen Rose, are sober and unemotional. The music and the drama provide all the necessary excitement. Against a deliberately two-dimensional background of blankfaced walls and factory chimneys, rather like some Lowry industrial landscape, Büchner's characters act out their destiny. He invites no sympathy for them, takes no moral stand. The Captain, the Doctor and the Drum Major are as much the victims of circumstance as are Wozzeck and Marie, *whom they destroy. It is They* who are to blame, the faceless They who delight in tormenting Us.

Geraint Evans' Wozzeck has been familiar in London for many years. His involvement in the part, his identification with the character, are now complete Words, music and gesture are all used to express what Wozzeck in his inarticulateness can never directly express, his own thoughts and feelings. His shambling gait, half walk, half run, as he crosses the huge width of the stage, the way *he rolls his* tunic and aligns his boots before lying on the Doctor's couch, the desperate stillness with which he watches Marie and the Drum Major dancing in the tavern garden, all speak for him much more clearly than words.

Anja Silja's Marie is equally rounded and whole as a characterisation and is quite superbly sung. This Marie is very far from being a mere slut, *but the combination of physical* attractiveness and total lack of will to battle against fate, makes her the perfect murder victim But her tenderness as she sings to her child and her remorse as she reads the Bible, are as genuine as the desperation with which she throws herself into the Drum Major's arms. In the latter part, Fritz Uhl struts convincingly as the very embodiment of military vainglory, stupidity and brutality. Helmut Melchert as the Captain, Hans Kraemmer as the Doctor, Loren *Driscoll as Andres and* Gertrude Jahn as Margret are all excellent. Even the First Journeyman is taken by a singer as accomplished as Zoltan Kelemen.

But any really good performance of *Wozzeck* depends more than anything on the orchestra. The Vienna Philharmonic, more than any other of the great European orchestras, depends on its conductor. Karl Böhm, though no Svengali nor wizard in the Karajan manner, can draw from the Viennese players, strings, wind and brass alike, sounds of such clarity, such warmth and such delicacy, that Berg's score is irradiated from within. Power and violence are not lacking either, and both the scene in the barracks and the death of Marie are bloodcurdling in their intensity. Singers, orchestra, producer, designer, each and every one contribute a great deal to the success of this performance, but it is to Böhm, surely the finest *Wozzeck* conductor since Kleiber, that the highest praise is due.

Elizabeth Hall

Summer Song

by DOMINIC GILL

London's fortnight of South Bank Summer Song—a festival devised by the GLC in collaboration with Gerald Moore—ended on Sunday with a recital of songs of the Second Viennese School by Dietrich Fischer-Dieskau: an ambitious ending to a welcome series. He began, naturally enough, with the father of that School, Arnold Schoenberg, and a selection of songs which effec*tively spanned two-thirds of that* composer's working life. Vocal ideas—ideas derived from vocal pattern and sense—are central to Schoenberg's expressive idiom. It is easy to forget, perhaps, that nearly half of his total output of music in one way or another used the human voice: 31 out of 64 works, among which are to be found 46 songs for piano and *voice alone (not exactly, as our* programme-note reckoned, "few in number").

Fischer-Dieskau chose as the starting point for his Schoenbergian survey the first of the four op.2 songs, dating from 1899: a text by Dehmel, verbal and musical colours clashing obliquely, chromatic red and green, muted by dusk. And then the marvellous "Die Aufgeregten" from op.3, simple, touchingly ironic, not the last of the evening's several strange but unmistakable affinities with Wolf. "Verlassen," the fourth of eight op.6 songs, just predates the first Chamber Symphony: no hint in it, though, of the Symphony's sweet, stark tension—an outspokenly lush and romantic song full of unexpected neo-Brahmsian cadences. The sharp, sombre "Der Verlorene Haufen" the second of the two op.12 ballads, is an ironic Legionnaire's song which Fischer-Dieskau contrasted strongly with the later Stefan George "Ich darf nicht dankend," both superbly original settings in a traditional frame, tightly wrought, darkly and subtly coloured. He finished the *set with two of the mature op.48* songs, serial but powerfully lyrical pieces—above all, the haunting, perfect fragment, "Tod."

Webern followed Schoenberg: nine songs, all of them early, and the first four pre-opus, from the Moldenhauer collection. Webern wrote "Vorfrühling" when he was only 15, a remarkably accomplished little work, exquisitely symmetrical, a romantic foretaste of later refinement; while "Gefunden" is less characteristic, one of Webern's few full-bloodedly passionate, *rhetorical statements, a young* man's outburst, a shade self-consciously soaring "to the stars." Of the rest, one of the most memorable was "Noch zwingt mich Treue" from op.4—itself a marvellous set, timeless, suspended in a kind of twilight: remembering, "Es is worden spät."

In all these songs, Fischer-*Dieskau gave us many striking* and beautiful things. An early tendency to bark at climaxes soon settled: but even in the second Schoenberg song his control of timbre (a muted horn, ironically distant, on the word "Lebensläufchen") and phrase (the lovely "Welche Leindenschaft, wiech wilder Schmerz") was very fine. After the interval, *he sang Fortner's quartet of* songs *Terzinen*—the recital's only contemporary work, written eight years ago—with excellent projection: the music itself is predominantly melancholy, inward-looking, and he gave it point and life, bringing it successfully (if not altogether convincingly) to its final, dryly defiant climax.

And to end, Berg's Four Songs op.2: the sensuous "Schlafen, schlafen," with its Schoenbergian coda for solo piano; the dreamlike, dream-based "Nun ich der Riesen," full of soft bells and moonlit textures: and (once again, the strongly Wolfian) "Warm die Lüfte," a razor-edge of pining lost in forgetfulness. A word of praise for Fischer-Dieskau's accompanist, Aribert Reimann, whose sensitive (if once or twice a degree over-careful) support gave much confidence.

Royal Ballet's new season

The Royal Ballet season opens on Saturday, October 9 at Covent Garden with *Anastasia*, danced by the original cast led by Lynn Seymour as Anastasia and Svetlana Beriosova as the Tsarina. At three of the later performances Antoinette Sibley moves into the title-role.

Kenneth MacMillan's *The Rite of Spring* will be revived on October 21 for the first time since 1968. The role of the Chosen Maiden is danced both by *Monica Mason* who created it in 1962, and by Deanne Bergsma. The Rite of Spring is presented in a double bill with Dances at a Gathering, whose cast is substantially the same as at the first performance here last autumn.

Another major rival is George Balanchine's *Serenade* which returns to the repertory on November 16 in a triple bill with Glen Tetley's *Field Figures* and Ashton's *Enigma Variations*.

Annely Juda Fine Art

The Non-Objective World 1924-1939

by MARINA VAIZEY

Last summer Mrs. Juda mounted a thoughtful, comprehensive and intensely interesting exhibition called "The Non-Objective World" a phrase from the writings of the great innovator, the Russian painter Malevich, which showed the story of European abstract art from 1914 to 1924. Works by nearly 40 artists in skilled juxtaposition exem*plified the genuine*, idealistic revolutionary tendencies which infused the aesthetic of the time, and indicated how much originality, which in the main by-passed the Cubist revolution in Paris, had emerged from Central and Eastern Europe.

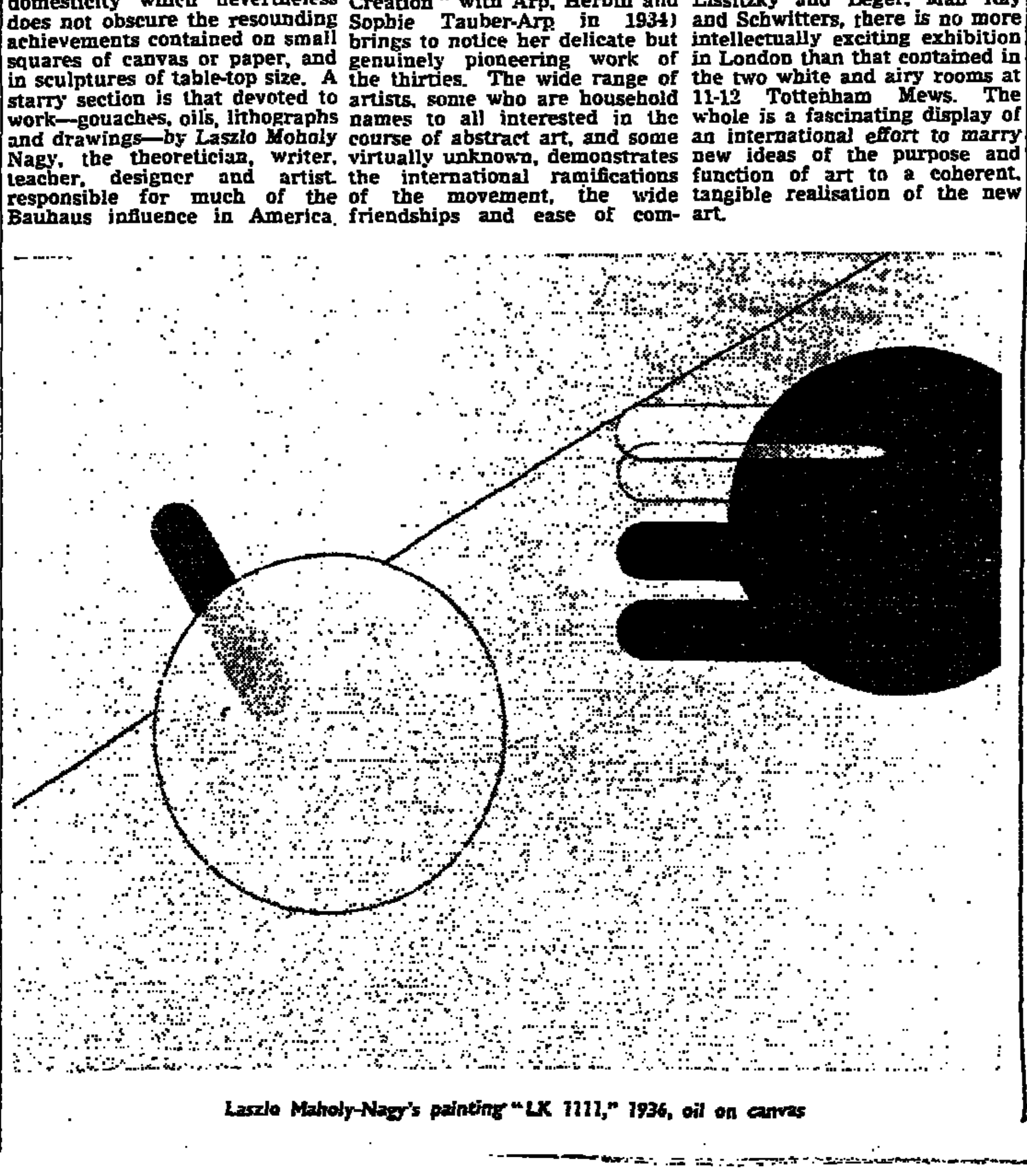
Now, in what promise to be annual instalments, works by 90 artists in the period 1924 to 1939 are on exhibition until September 30 in a show arranged with the collaboration of the Galerie Jean Chauvelin, Paris, and the Galleria Milano, Milan. Although the exhibition is a large one—nearly 200 paintings, and drawings—the effect is one of a gentle domesticity which nevertheless does not obscure the resounding achievements contained on small squares of canvas or paper, and in sculptures of table-top size. A starry section is that devoted to work—gouaches, oils, lithographs and drawings—by Laszlo Moholy Nagy, the theoretician, writer, teacher, designer and artist responsible for much of the Bauhaus influence in America, founding the "New Bauhaus" in Chicago in 1937; he was only only 51 when he died, but his influence, reflected in his geographical moves from Hungary to Vienna, Berlin, the Bauhaus, Holland and America, *is still* profound.

*

It is fascinating to compare, in the context of this international galaxy of artists, the early works of Hepworth, Moore and Ben Nicholson, experimenting with abstract forms floating in ambiguous and intriguing spatial relationships: Nicholson was co-editor, with Naum Gabo and J. L. Martin of *Circle*, the international journal of constructivist art, and Gabo, Mondrian and the Nicholsons were all neighbours for a while in Hampstead 1938-39. A variety of collages, one for instance called "Collage" and "Line in Space," subtitled "Research in Three Dimensions," by the English artist Paule Vezelay, (who joined the "Abstraction-Creation" with Arp, Herbin and Sophie Tauber-Arp in 1934) brings to notice her delicate but genuinely pioneering work of the thirties. The wide range of artists, some who are household names to all interested in the course of abstract art, and some virtually unknown, demonstrates the international ramifications of the movement, the wide friendships and ease of communication among various groups, and the nuances of visual problems and solutions proposed and solved by those involved in the creation of the "non-objective world."

It is an art concerned not with the depiction of objective reality—landscape, portraiture, still life—but with so-called pure art, the relationships of space, form and colour unhampered by attempts at fidelity to visually observed external situations. This art has of course become in its subjective attempts to grapple with fundamental visual problems *the most widespread* influence on modern design and architecture: in Mrs. Juda's exhibition, the classic forms of 20th century art are intelligently and coherently displayed.

The catalogue, like that of last year's exhibition, contains a wealth of information, particularly valuable for biographical details of the more obscure pioneers. From Joseph Albers to Abraham Walkowitz, taking in such luminaries as Calder, Arp, Klee and Kandinsky, Lissitzky and Leger, Man Ray and Schwitters, there is no more intellectually exciting exhibition in London than that contained in the two white and airy rooms at 11-12 Tottenham Mews. The whole is a fascinating display of an international effort to marry new ideas of the purpose and function of art to a coherent, tangible realisation of the new art.



Laszlo Moholy-Nagy's painting "LK 1111," 1936, oil on canvas

Ronnie Scott's Club

Clark Terry/Karin Krog

by KEVIN HENRIQUES

That happy man of jazz Clark Terry is currently spreading his irresistible, benevolent aura over the Scott Club patrons. A Duke Ellington sideman for many years, he eventually became one of the most sought-after session *men in New York* and his solo appearance in a European jazz club is such a rare occurrence that it warrants a large turn out of fans. The effort is being splendidly rewarded for Clark Terry is one of those now sadly few players not ashamed to enjoy his playing and openly communicate that enthusiasm.

On both trumpet and *flugel*-horn his whimsicality bursts through embedded in that unmistakable unique style and sound—"milky" it could be called but *certainly* never "creamy." He cares passionately about melody as his varied programme of quality tunes—*Summertime, Misty, Bye Bye Blackbird* and *When I Fall in Love* among them—shows. He achieves some striking effects with his half note technique and whether playing his instruments—separately or alternately—or singing his famed set-piece of gibberish, *Mumbles*, he swings effortlessly.

The accompanying trio aids and abets him splendidly: drummer Tony Kinsey, a *delicate* player of the brushes which he is not afraid to use often, Lennie Bush, propelling the bass lines with unceasing energy and *pianist Dave MacRae (here last* year with Buddy Rich), a strong individualistic player but able to adapt himself to the accompanist's role.

*

Somewhat improbably, I first heard the name and voice of Norwegian singer Karin Krog in a *Madrid jazz* club five years ago when one of her records was played in an interval. Since then her impressive reputation in Scandinavia has spread through Europe to such an extent that every year she features prominently in the Talent Deserving of Wider Recognition section of the Down Beat polls and has in fact been a winner.

Miss Krog is a highly sophisticated singer with a highly personal way of projecting lyrics. Musicianly to an enormous extent *she uses spaces and inter*vals more extensively than most singers. It rarely occurs to her to sing a number "straight," as far as time is concerned, and she has *been criticised for trying* to obtain vocal effects at the expense of the lyrics.

This criticism seems valid, hearing her during her first *appearance* in this country. Backed by a too-aggressive trio, she has to work hard to make an impact which would be greater perhaps if she sang more *familiar* material. She does possess much vocal style and talent but her emphasis on ballads and meagre personal projection are a disappointment after the many excellent aspects of her records.

Farming and Raw Materials

Confusion and uncertainty in commodity markets

BY ROBIN REEVES, COMMODITIES EDITOR

AN ATMOSPHERE of confusion and uncertainty ruled in London's commodity markets yesterday following President Nixon's decision to float the dollar.

There were no spectacular price movements, but most futures markets displayed a steady tone due to reserve on the part of sellers. Traders generally were inclined to be cautious, awaiting further developments. Outside the futures markets, many commodity prices were either nominal or "unquoted."

In New York, there were some sharp upward movements notably in the sugar and cocoa markets. However the Board of Governors of the Commodity Exchange Inc. decided against opening Comex—the New York equivalent of the London Metal Exchange—with the result that there was no reaction from the U.S. copper and silver markets.

In Chicago, all grain prices and those of the soyabean complex recorded sharp early advances.

Restricted

The news was of course known before the opening of the day's business in London. On the London Metal Exchange, copper wirebars rose by some £5 a ton in early dealings with business done at £471 a ton. After a distinctly quiet day cash wirebars eventually closed at £457.75 a metric ton, up £3.25 on the day. Cash tin on the other hand ended the day £3 lower at £1,420.50 a ton. Lead and zinc also closed down on the day.

Silver was fixed 1p a troy ounce higher in the bullion market with spot quoted at 66.8p. A fair business was reported with the currency situation encouraging buying. However the steadiness was not completely maintained to the close.

Apart from uncertainty, the quietness on the Metal Exchange was put down to the almost total lack of trans-Atlantic business. With foreign exchange markets closed, U.S. and Canadian traders were apparently unwilling to commit themselves.

On the London sugar terminal market, irregularly higher prices were paid in early dealings. But the market did not respond to the sharp upward movement on the New York market, preferring to adopt a "wait and see" attitude. The London daily sugar price was fixed unchanged at £43.50 a ton.

Cocoa futures rose by as much as £2 a long ton initially but by the end of the day only 2,128 lots had been traded. London coffee futures opened steady but during the afternoon prices drifted lower to close slightly easier.

Rubber prices were marked sharply higher, but this was thought to reflect a 4.25 cents a kilo increase in the overnight Singapore price perhaps more than the currency crisis.

Wool futures were generally lower and appeared unaffected by the U.S. measures. Grain and oilseed traders spent the day trying to assess the situation. Their general view was that business was likely to be restriced pending reopening of foreign exchange markets.

The difficulties of the commodity trade in trying to assess the situation are considerable. There are basically three major imponderables arising out of President Nixon's measures.

Dollar parity

The first is the purely financial aspect—the future parity of the dollar with other currencies. Should the relationship between the pound sterling and the dollar remain effectively the same, the outcome in practice may turn out to be solely a revaluation of certain Continental currencies. In that case, the effect on commodity prices should not be that great.

If the result is a devaluation of dollar area commodities only, meaning a *de facto* revaluation of sterling area currencies, then the effect will be to make U.S. and Latin American commodity exports more competitive and perhaps have a depressing effect on some prices in London.

This fact was being noted on the London coffee market yesterday. The major part of the world's coffee comes from Latin America but as the London futures market contract is based on Uganda Robusta coffee, it would feel the effects of more competitively-priced Latin American coffee.

The second imponderable is the 10 per cent. surcharge. This was initially a cause of considerable confusion yesterday, but as the day wore on, it became clear that food and basic raw materials are not to be subject to it.

However, the measure still represents an increase in American protectionism. By dampening down U.S. import demand for manufactured products, it could have the effect of reducing demand for raw materials for making products destined to be exported to the U.S. market. In this sense, the measure could act as a depressing influence on world commodity markets.

The third imponderable is the impact of the expansionist parts of President Nixon's package. Assuming these start to have the desired effect, then U.S. demand for raw materials to prime an expanding economy is likely to increase. From this point of view, commodity prices have reason for moving higher.

But for the moment, the major problem is the currency situation. Until the relationship between the world currencies is sorted out, world trade in commodities is bound to be at a near standstill. There may be speculative buying by those who prefer to hold a tangible physical asset rather than paper money, but trade between producers and consumers of a commodity cannot really be carried on in any confidence without a foreign exchange market.

Storms hit E. Midland farm crops

By Our Own Correspondent

DERBY, August 16.

WEEK-END storms have left East Midland farmers counting the cost of damage amounting to millions of pounds. An early figure put the total damage to cereal crops at £2m., but Mr. Ian Munroe, secretary of the Nottinghamshire National Farmers Union said to-day that initial estimates were undoubtedly below the realistic mark.

"Farmers to the north and west of Nottingham are still shovelling up hailstones the size of golf balls which fell on Saturday. The storms flattened acres of oats and barley, and this increases the cost of harvesting. Some of the larger farms were hit by £3,000 worth of damage in under two days," he said.

Now farmers are hoping for at least a month without rain while they harvest their spoiled crops.

Another cut in U.S. aluminium output coming

By Ken Gofton

FURTHER evidence of the depressed state of the U.S. aluminium industry came with yesterday's announcement that Kaiser Aluminum and Chemical Corporation plans to close down temporarily a further 40,000-ton potline, at Ravenswood, West Virginia, from October 31.

Only last month the company reported that in the second quarter of this year, earnings were down to $14.86m. against $17.9m. in the same quarter of 1970. Output was running at 88 per cent. of the company's U.S. capacity, compared with 100 per cent. in the equivalent period last year, and average prices were lower, too.

The latest cutback, said Mr. Cornell C. Maier, executive vice-president yesterday, was part of a continuing move to keep operating costs and stocks in line with market conditions.

Reynolds Metals, which in July reported second quarter profits down to $5.9m. ($14.7m.) and turnover down by about 8 per cent., has announced its intention to try and stabilise the aluminium market by cutting the discounts available to customers on published prices.

Soviet gold output not meeting targets

BY MICHAEL SIMMONS, EAST EUROPEAN CORRESPONDENT

THE Soviet Union's biggest gold-producing concern, the Severovostokzoloto Corporation, has been publicly criticised for failing to meet output targets and for the "irresponsible attitude" of some of its managers. The corporation, which is believed to produce almost as much metal as all other Soviet corporations put together, is said by the Soviet Government to have created "a worrying situation which jeopardises fulfilment of the annual Plan and pledges for extraction."

This corporation, made up of mine fields, dressing plants, and ancillary units, produced approximately 75 metric tons of gold from primary sources last year out of an estimated national total, again from primary sources, of just over 161 metric tons. Severovostokzoloto was said to be nearly 3 per cent. down on Plan fulfilment on August 1.

The area covered by this corporation, to the north of Magadan in the Soviet Far East, represents one of the oldest and most problematical of all Soviet gold fields. For a long time it was worked mainly by forced labour, but since 1956 when an amnesty was declared for political prisoners, labour has been scarce and there have been regular complaints of the unreliability of equipment supplies.

The latest criticisms come in the wake of a series of top-level investigations ordered by the local Party authorities, particularly into the effectiveness of some of the bigger mines, and ancillary units, at Susuman, Tenkinskoi, and Yagodnoi. These investigations found that virtually everyone concerned with the running of these units "have resigned themselves to the irresponsibility of the managers, and great shortcomings in the work of the units."

Chilean copper furnace closure denied

REPORTS that a furnace had been shut down at the giant Chuquicamata copper mine in Northern Chile were denied yesterday by Senor Max Nolff, vice-president of Chile's State Copper Corporation, reports Reuter from Santiago.

Reports from the mine on Saturday said the furnace had been shut down because of an unofficial strike by technicians, now in its fourth day.

An estimated 400 technicians out of 475 at the mine are on strike over what they term "political appointments" to top jobs by the Government of President Salvador Allende.

Meanwhile President Allende said at El Salvador mine during the week-end that compensation for recently nationalised U.S.-owned copper mines would be treated with "absolute fairness."

"We do not want to illicitly appropriate the North American investments," he told workers at the mine.

The amount of compensation for the five formerly U.S.-owned copper mines nationalised last month would be fixed by the Government's Controller-General and the former U.S. owners could appeal to a special tribunal if they thought the amount was too low, the President said.

It would be regrettable if a refusal by the U.S. Export Import Bank to consider granting a loan to Chile was prompted by U.S. State Department policy, he added.

President Allende was referring to an announcement from the Eximbank that it would not consider a Chilean application for a loan to purchase three Boeing airliners until Chile made known the amount of compensation it would pay for the copper mines.

Australian wheat sale to Russia

MELBOURNE, August 16.

The Australian Wheat Board negotiated the sale of 500,000 tons of wheat valued at $A25m. to the Soviet Union, a Board spokesman said.

The spokesman said the sale, the first to the Soviet Union since 1965, is for cash, and provides for shipment of 18.6m. bushels of fair average quality grain between January and June next year.

The sale was negotiated in Moscow. The negotiations followed a routine visit to the Soviet Union earlier this year by a Board goodwill mission, the spokesman said. The wheat was purchased by V/O Exportkhleb for the Soviet Union and re-export to nearby countries.—Reuter

Brazil plan to extend cocoa growing area

RIO DE JANEIRO, August 16.

SOME 1.4m. pepper trees at Tome-Acu, in the northern state of Para, on the Amazon River, will be destroyed and the area planted to cocoa, it was decided at a meeting at Belem.

The meeting was attended by representatives of the State Secretariat of Agriculture, the Bank of Brazil and the Cocoa Planting Recovery Plan (CEPLAC).

It was agreed that the Bank of Brazil will finance the operation of destroying the pepper trees and replanting to cocoa. CEPLAC will supply the seedlings and technical assistance, while the Secretariat of Agriculture will outline the exact areas for the operation.

Japanese pepper plantations at Tome-Acu have been attacked by a disease known as cucumber mosaic (mosaico de pepino) which causes defoliation and loss of the pepper clusters while still green.

Ghana cocoa exports down

ACCRA, August 16.

Main crop cocoa bean shipments from Ghana in July totalled 31,175 long tons according to marketing board statistics. This compared with 47,979 long tons shipped in July 1970.—Reuter

JAMAICAN SUGAR PRODUCTION UP

KINGSTON, August 16.

JAMAICAN sugar production in 1971 totalled 389,469 tons, according to the Jamaica Sugar Manufacturers' Association. This is some 10,000 tons below the target figure of 400,000 tons, but 21,132 tons more than the figure for 1970, the Association said. All estates ceased work on the crop at the end of July.

Coffee talks overshadowed

BY OUR COMMODITIES EDITOR

THE COFFEE Council meeting to decide International Coffee Agreement export quotas and prices for 1971-72 opened in London yesterday overshadowed by the dollar crisis.

The level at which the Agreement should aim to keep coffee prices during the coming year is the major issue of the talks. But until the international currency situation is sorted out, it looks as if discussion on this subject could be somewhat inhibited.

No surcharge

At the Council's opening session, the U.S. delegate apparently made an unofficial statement to delegates on the *economic measures, explaining* that since coffee is not a dutiable item, it will not be affected by the 10 per cent. import surcharge.

At the same time, U.S. sources stressed that it was impossible to gauge the likely impact of the temporary wage and price freeze on the longshoremen's strike on the West Coast and the possibility of one on the East Coast later in the year.

The importance of the prices issue was underlined by sources representing the African producers of Robusta coffee. They told Reuter that the aim of their group at these talks was to establish a price differential of 2 cents between the Robusta variety of coffees and Unwashed Arabicas, which are mostly Brazilian coffees.

But they would not agree to any lowering of the present price level of Robusta coffee to attain this goal.

At present the International Coffee Organisation's indicator price for Robustas stands at 42.19 cents a lb, 19 points above the average for Unwashed Arabicas.

For the current Coffee Year the price differential between the two groups of coffees was set at 4 cents, but while unwashed Arabicas have fallen more than 6 cents below their floor of 48.25 cents, Robustas are ruling well over 3 cents above their floor level. This will be the most controversial point to be negotiated at the talks which are scheduled to end on August 27.

Price ranges

Ideas on the size of the initial global quota for the next Coffee Year apparently vary between 45m. bags among certain coffee exporting countries and 50m. bags sought by consumers. These compare with this season's actual quota of some 49½m. bags.

But the important thing remains the price ranges for the individual varieties of coffee which govern the upward or downward adjustment of quotas according to market price movements.

Bowater to cut imports of pulp for newsprint

BY DAVID WALKER

BOWATER is to make radical cuts in the amount of groundwood pulp for newsprint production it imports from its mill at Sofiehem Umea, Sweden.

Under a deal with Svenska Cellulosa, one of Scandinavia's largest pulp companies, the majority of the pulp produced at the mill is to be marketed by the Scandinavian company.

The news comes six months after Bowater revealed that it planned to reduce its output of newsprint in the U.K. from 500,000 tons a year to 250,000 tons over a 12-month period.

Groundwood pulp mills are attached to its two newsprint manufacturing plants in Britain and will now supply the majority of their requirements, the company stated.

Only in peak demand periods is the proportion of the Swedish mill's output imported into Britain likely to exceed 50 per cent.

The Sofiehem Umea mill produces 115,000 metric tons of pulp a year, and is operated by a wholly-owned subsidiary, Bowaters Svenska Tramassefabriker. Markets included in the agreement with Svenska Cellulosa are Europe, the Near East, Africa, and North, Central and South America.

LME copper stocks reach new record

By Our Commodities Staff

LONDON Metal Exchange copper stocks have reached a new record of 102,775 tons following a much bigger-than-expected increase last week of 2,025 tons, well above the previous record of 101,025 tons reached at the end of June.

An increase in tin stocks of 79 tons to 4,739 tons was also rather more than expectations. However an increase of 425 tons to 35,525 tons in lead stocks and a 425 tons drop to 25,025 tons in zinc stocks, were much as expected.

LME silver holdings rose by 20,000 to 6,830,000 ounces.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firmer in quiet trading on the London Metal Exchange despite the larger-than-expected rise in warehouse stocks to a new post-war high. Otherwise, business was restricted by uncertainties—both here and in New York where Comex was closed—regarding the application of President Nixon's economic measures as far as metals are concerned. In addition trans-atlantic business was checked by the difficulty there of obtaining foreign exchange cover. Turnover 6,225 tons.

Henry Gardner and Co. reported that in the morning cash wirebars traded at £457, 55.5, with three months at £470, 69.5, 69, 68.5, 68, 67.5, 66.5, 66, 65.5, 66, 66.5. Cathodes: cash £444.5, 45, three months £456. Kerb: Cash wirebars untraded, late Aug. £457.5, three months £466.5. Cathodes untraded. Afternoon: Cash wirebars £458, mid-Oct. £465.5, early Nov. £467, 68, three months £467, 66.5, 67, 67.5, 68, 68.5. Cathodes: Cash £446.5, mid-Aug. £445, three months £457. Kerb: Cash wirebars untraded, three months £469.5, 69, 68.5. Cathodes: cash £447, three months untraded.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	455.5 6	+1.25	457.5-8	+3.25
3 months	466-.5	+1.5	468 9	+3.75
Settlem't.	456	+1.5	—	......
Cathodes				
Cash	444.5-5	+2	446.5-7	+3.25
3 months	456-6	+2.25	457-.5	+3.5
Settlem't.	445	+2	—	......
U.S.Smlt.	—	......	*52.75-53	......

TIN—Closed lower on profit-taking after having moved up at first in line with the week-end rise in the Eastern price. Turnover, 320 tons.

Morning: Cash £1,423, 24, early Oct. £1,440, mid-Oct. £1,441. Three months £1,443, 42, 41, 40, 38, 39, 40. Kerb: cash £1,423, three months £1,440. Afternoon: Cash £1,421, three months £1,439, 38, 37. Kerb: cash untraded, three months £1,437.

COMPANY NOTICES

PERSONAL

SOYABEAN OIL

Untraded, reports G. W. Joynson.

Soyabean Oil	Yesterday's Close	+ or —	Business Done
	£'s decimal long ton		
September	138.0-44.0	....	—
November	136.0-42.0	....	—
January	126.0-34.0	....	—
March	126.0-33.0	....	—

PRICE CHANGES

Prices per ton unless otherwise stated.

	Aug. 16 1971	+ or —	Month ago
Metals			
Aluminium (a) (u)	£257.29	....	£257.2
Copper			
Cash Wire Bars (u)	£457.75	+3.25	£448.5
3 months do. do. (u)	£468.5	+3.75	£458.25
Cash Cathodes (u)	£446.75	+3.25	£435.75
3 months do. do. (u)	£457.25	+3.5	£445.75
Gold .... Troy ozs.	‡	....	$41.0
Lead, Cash (u)	£107.75	—.375	£108.875
3 months (u)	£110.375	—1	£111.625
Nickel (u)	£1,245.5	....	£1,245.5
Platinum (b) troy oz	£50	....	£50
Freemarket	£47-50*	....	£45½-9½
Quicksilver (76 lbs.)	£212	....	£212
Silver Troy oz.	66.8p	+1.0	64.5p
3 months	68.0p	+1.0	65.8p
Tin Cash (u)	£1,420.5	—3	£1,459.5
3 months (u)	£1,436.5	—.5	£1,455.5
Wolfram 22.04lb cif	£18-18	....	£19-20.25
Zinc Cash (u)	£155.375	—.75	£152.625
3 months (u)	£157.125	—.75	£154.875
Producers (u)	£150		£150
Oils			
Coconut: Malayan	‡	....	£147
Groundnut 3.5%	‡	....	£190
Linseed Crude	‡	....	£110
Palm Malayan	‡	....	£115
Soyabean u.	‡	....	$337
Seeds			
Copra Philipp. ton	†$188 y)	+5	$201
Gr'ndnuts Niger'n	‡	....	£103
Linseed Can No. 1	‡	....	£48.15
Grains			
Barley Can No. 2	‡	....	£25.25
Home Futures	£23.70	—0.10	£23.90
Maize No. 3 Yellow Am.	‡	....	£28.75
S.A. Yellow Flint	‡	....	‡
Wheat No. 2 Manitoba	‡	....	£32
No. 2 Hard Winter	‡	....	£30.15
Australian	‡	....	£29.35
English Milling	£24.25-.75	....	£24-½
Cocoa Shipmt (a)	£253	+1.67	£233.50
futures Dec.	£253.75	+1.50	£232.2
Coffee Shipment (c)	‡	....	
futures Nov.	£361.75	+1	£368.25
Cotton Liverpool cif index cents per lb.	35.40*	....	35.70
Jute LJA PWC	†£156.5 p	....	£147
Rubber .... Kilo	14.55p	+0.2	14.4p
Sisal EA 3L (u)	£82	....	£78-79
Sugar	£43.50	....	£42.80
Wooltops 64s ... Kilo	89p	—1	90p
Cloves	‡	....	791on
Pepper White ... ton	†£475(y)	....	£450
Black ... ton	†£372.50(y)	....	£360

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Canadian delivered U.K. b U.K. and Commonwealth refined. c Uganda Robusta grade 10 unwashed f.o.b. Mombasa cents a pound. d Pakistan white "G" w Ex-warehouse. x C.i.f U.K. u Metric tons. t Aug. v Sept. j July-Aug. m Aug.-Sept. q Oct.-Nov. o Nov.-Dec. p Sept.-Oct. z Jan.-Feb. n Dec. k Dec.-Jan. y Feb.-March.

INDICES

U.S. Markets

NEW YORK, August 16.

PRESIDENT NIXON'S statement dominated commodity markets. Important metal markets such as silver, copper and platinum remained closed. International markets such as sugar, cocoa and soyabeans moved higher but failed to maintain their best levels. More domestically orientated markets including wheat and corn failed to hold early gains as bearish fundamentals outweighed speculative bull enthusiasm, Bache reports.

Cocoa—Bahia spot 27½ (27½). Ghana spot 29½ (29½). Sept. 26.22 (25.98), Dec. 26.5 (26.30), March 26.65, May 27.22, July 27.52, Sept. 27.57, Dec. 28.19. Sales, 869.

Coffee—Santos No. 2/3 43.88 nom. (same). Santos No. 4 42.50 nom. (same). Colombian Mams 48.25 asked (same).

Copper—Closed.

Cotton—Contract No. 1 Nov. 22.00 nom. (same), Jan. 22.00 bid (same), April 22.00 nom., June 22.00 nom. Contract No. 2 Oct. 31.60 (31.90), Dec. 32.20-32.28 (32.32-32.56), March 33.15-33.16, May 33.48 bid, July 33.10 bid, Oct. 30.34 bid, Dec. 29.94 bid.

§§Cottonseed Oil—Sept. 16.35 bid (16.5 bid), Oct. 16.40 bid (16.15 bid), Dec. 16.15 bid, Jan. 16.15 bid, March 16.50 bid, May 106.15 bid, July 16.15 bid, Sept. 16.15 bid. Sales, nil.

Φ Greasewool—Spot 36.0 nom. (34.0 nom.). Oct. 62.0-63.4 (59.5-60.9), Dec. 63.7-65.0), March 71.0-72.2, May 71.7-73.2, July 73.0-74.5, Oct. 73.8-76.0, Dec. 75.5

The New York Commodity Exchange yesterday ordered a suspension of trading due to the currency crisis. It said the resumption would be at the discretion of a special committee appointed by its Board to confer with the authorities in Washington.

†Lard—Chicago loose 11½ nom. (11½ asked). N.Y. drummed 14¼ nom. (14¼ asked).

††Maize—Sept. 124 (125¾-125½). Dec. 122½-122 (124½-124¾). March 127½-126¾. May 129¾, July 132¼.

‡Mercury—Closed.

‡‡Silver—Closed.

*Soyabeans—Aug. 329¾-330½ (329¾-330). Sept. 328½ (323½-323½). Nov. 320¼-320½. Jan. 324, March 328-329½, May 330½-331, July 332.

bSoyabean Meal—Aug. 83.25 (83.6-83.80), Sept. 83.20-83.25 (82.50), Oct. 81.20-81.15, Nov. 81.10, Dec. 81.20-81.10, Jan. 81.15-81.20, March 81.75-81.80, May 82.60-82.70, July 83.30-83.50.

Soyabean Oil—Aug. 14.55-14.57 (14.34-14.22), Sept. 13.95-13.97 (13.72-13.75), Oct. 13.53-13.55, Nov. 13.07, Dec. 12.77-12.76, Jan. 12.66-12.65, March 12.55-12.53, May 12.40-12.44, July 12.32-12.33.

American News

Qantas Jumbos will fly to London after U.S. ban

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

SYDNEY, August 16.

SHORTLY after the first of the *Qantas Boeing 747B jets arrived* in Sydney to-day, the U.S. Civil Aeronautics Board advised the airline that it will not be able to fly the jet into America. The CAB has rejected the Qantas schedule for use of the 747 on the Pacific run and the airline will now bring forward plans to operate the jet into Singapore *and then later this* year into London.

The Qantas service to Singapore, first planned for November, will begin on September 17, with Melbourne and Perth included in the flights. On November 25, the airline will extend to London from Singapore, operating through Bangkok, Bahrain, Athens and Rome at the rate of two *services a week*. There will also be 707 services to maintain a daily Sydney-London schedule. The Pacific services will be continued in 707 aircraft.

The dispute with the Americans is over interpretation of the Pacific agreement and the schedules of both *Pan American* and American Airlines, both of whom are seeking extra flights into Australia. *These applications* have been rejected by the Australian Department of Civil Aviation. The DCA is also faced with strong U.S. pressure to allow World Airways to operate a large *number* of charter flights into Australia from the U.S.

American Airlines, which has *three 707 flights a week into* Australia, wants a further two flights. Pan American, which operates two Jumbo flights a week and five 707 flights, wants to replace one 707 with a Jumbo service. This is seen as breaking the general agreement on capacity which is that one Jumbo equals two and a-half 707 services.

Local airline people consider that there is already excessive capacity on the Pacific route and load factors are well below the 30 per cent. margin. Qantas alone flies 11 707s across the Pacific, and its application to the CAB—submitted at the request of the Americans—would have changed this to three 747B flights and four 707 flights.

Qantas has five Jumbo jets on order and the Pacific route accounts for 28 per cent. of its total international *movements*.

By changing its plans, Qantas will, in November, be competing with the first BOAC Jumbo jet services between London and Australia. BOAC, however, will be flying its jet through Hong Kong rather than Singapore.

The chairman of Qantas, Sir Roland Wilson, said he was disappointed that so far, it had not been possible to secure the approval to the amended timetable which would have permitted Qantas to operate its 747Bs to the U.S.

Gulf Oil may have to cut operations

By Our Own Correspondent

MONTREAL, August 16.

FURTHER evidence of the crisis in the Canadian petrochemical products industry, *which came to* light late last year, has come with a warning by Gulf Oil, Canada, that it may have to cut back operations severely at its Quebec plants.

Although the company says there will not be any layoffs before January, the cutbacks could affect the jobs of between 600 and 900 people if market conditions do not improve *dramatically*. Gulf Canada has warned the Government in particular that the Canadian petrochemical products industry is losing out *to imports in the* domestic market and the trade imbalance is expected to reach $357m. by 1975.

In the last seven years Gulf says it has ploughed $77m. into *its petrochemical products* plants in the Montreal area but operations have shown steadily increasing losses for the past four years. These losses cannot any longer be sustained and uneconomic operations will have to be sold or shut down, the company says.

Sharp rise in cost of living

By Our Own Correspondent

OTTAWA, August 16.

THE CANADIAN cost of living jumped sharply between June and July, according to consumer price index figures released on Friday by the Government statistics agency. The index went up by 0.8 per cent. from 133.0 to 134.1 (at 1961 prices).

The July index was 2.8 per cent. higher than in July last year. The jump was attributed mainly to higher food prices.

Spain to buy Peru meal

BY OUR OWN CORRESPONDENT MADRID, August 16.

SPAIN will purchase 200,000 tons of fishmeal worth about $30m.—from Peru in the next two years. According to contracts signed in Lima by the Peruvian Minister of the fishing industry, General Javier Tantalean, and the Spanish Ambassador to Peru, Señor Manuel Alabert, about 30,000 tons will be *shipped this* year, 100,000 tons in 1972 and the rest will be shipped to Spain in the first half of 1973.

Spanish fodder producers and consumers are happy with the agreement which, it is said, guarantees the supply of good quality and relatively low-priced *fishmeal during* the next two years.

But, several fishmeal producers on the Canary Islands have protested against the agreement and say that the money involved should be invested in subsidies paid to the Spanish fishmeal producers to help compensate higher production costs and finance the modernisation and expansion of *existing factories*.

But Spanish Government spokesmen have pointed out that it is up to the fishmeal producers to apply for official credit aid that was made available last year for the modernisation and expansion of industrial installation on the Canary Islands.

GUYANA

A restive country is even more unsettled

BY DAVID LASCELLES

GUYANA has always been a restive country, but a number of recent events have unsettled it more than usual. These include Britain's EEC application which has cast uncertainty on its important sugar industry, *and the upheaval caused by* the bitter battle to take over Demerara Bauxite Company (Demba), the final formalities of which went through last month. And on top of this, whether by coincidence or as a result, there is violence and labour unrest.

The Demba take-over (the word "nationalisation" is shunned) is now widely believed by *observers* in Georgetown to have been unintentional. They say the talks with Alcan, Demba's owners, *began* with the object of *negotiating* Guyana's meaningful participating in bauxite. But *somewhere* along the line, positions hardened into total deadlock. The Government issued threats, and failing to make further headway, decided to declare a State take-over. What exactly went on behind the scenes on both sides during the talks is still a source of speculation.

The Marxist-led opposition party of Guyana's former leader, Dr. Cheddi Jagan holds a different view. It recently published a *booklet* claiming that the take-over—which it had already denounced as contrary to workers' interests—was a plot by the Prime Minister Mr. Forbes Burnham and the U.S. Government to weaken Canadian industry in retaliation for Canada's efforts to resist the U.S. business presence in Canada. In support of this theory the booklet pointed to *the large loan* that Chase Manhattan advanced to the Guyana Government to aid the takeover. It also asked why the other large bauxite mining company in Guyana, the U.S.-owned Reynolds Metals, had not been taken over, and remarked that official U.S. silence about the takeover was "peculiar" when criticism of such a move would normally have been expected.

Yawning gap

But whatever the reason, the takeover and the difficulties it has brought are now facts with which Guyana is having to live. The most *pressing* is shortage of qualified personnel. Demba employed about 70 specialist expatriates to direct its operations. After the takeover all but 12 departed leaving a yawning gap in the structure's upper reaches and causing another gap in the middle levels now that the erstwhile middle levels have predictably been promoted. The staffing of Guyana Bauxite (Guyba), as it is now known, is therefore expected to be weak for some time to come. However, Demba's chief engineer stayed on, and the Ministry of Mines has managed to recruit five more specialists from abroad in the last month.

The takeover has come at an unfortunate time with the market for most types of bauxite in a slack state. But there is considerable demand for calcine *bauxite, and it is Guyana's good* fortune that its mines produce more than 90 per cent. of the world's total calcine output. The plan is therefore to exploit this demand *by making sales of* calcine bauxite conditional on the purchaser's also buying some of the other two types of bauxite that Guyana produces.

Marketing is being undertaken temporarily by foreign dealers. The ultimate plan, for which talks are now going on in Georgetown, is for Guyba to set up a joint company with a *foreign* dealer to handle all bauxite sales. The company would probably be based in Guyana.

The Minister of Mines, Mr. Hubert Jack, revealed in an interview with the Financial Times last week that he is in the process of negotiating a large loan to expand Guyba's operations. He would not reveal who was *offering the money* but the would-be lender is understood to be a company and not a bank. Mr. Jack said it had been estimated that it would cost $25m. to increase calcine output 50 per cent. to close on 1m. tons a year.

Repercussions

Eventually Guyana wants to increase its share of the profits to be had from bauxite by building its own smelter, but such a project will have to wait until the *country* has a large enough electricity supply to support it. Hydro-electric power is being considered.

The repercussions of the take-over among the workers has been profound. *Even the simplest* among them has understood that for the first time in Guyana's history Government and employer are now synonymous. *Quite what effect this will* have on his will to work once the present euphoria has evaporated remains to be seen.

There is considerable labour unrest at the moment. Dockers, sugar workers, teachers, civil servants, and even lawyers and other professional classes have all shown a disinclination to be co-operative in recent brushes with their superiors or the Government. Earlier this month the dockers went on unofficial strike for a week over a palletisation dispute which could have led to a serious *food shortage*. The union leader eventually resigned—which was particularly grave since he happened in this case to be Mr. Burnham, the *Prime* Minister. (Such curious doubling of roles is not uncommon in the Caribbean.)

Meanwhile Georgetown's continuing violence has flared into some spectacular incidents in recent weeks. These are often directed at whites, though not for racial reasons so much as because the white man is more likely to have money on him. British airline personnel were recently attacked outside their hotel, and in an incident that *shocked Guyana a Czech resident* was stabbed to death in his car. Foreigners arriving in Georgetown are now advised not to venture out of their hotels on foot, even during the day.

'No sugar'

The sugar industry is bound to remain unsettled until it knows what is to happen after the present Commonwealth sugar agreement expires should Britain enter the Common Market. The Government has expressed concern at the vagueness of the Brussels statement that the European Community will "have at heart" the interests of the sugar producers, but has *left it at that for the moment*. The producers themselves, for whom life is seldom easy, seem more concerned with the constant pressing problem of keeping costs down, particularly now that *inflation* is serious, than with future prospects, and they prefer not to make prognostications. But one of them denied that Britain's entry would give the industry a much needed shake-up on the grounds that sugar was now so bound up with politics and a host of other interests that it could not possibly be rationalised.

Guyana's *spring sugar* harvest this year was a record 141,000 tons, but because rain interrupted the production schedule Guyana actually ran out of sugar for the home market this month, obliging stallholders in Georgetown market, only a step from the Demerara river, to put up "no sugar" signs. The shortage had to be cured by importing *200 tons from Trinidad*.

As countless visitors to Guyana have found, nobody can satisfactorily explain the country's persistent restlessness. Some blame tension between Indian and Negro, others the leadership or economic circumstances with equal inconclusiveness. But if Guyana continues to be at odds within itself, its external efforts are bearing fruit. It has reached peaceable agreement in its border disputes with Venezuela to the west and Surinam to the east, and it is in the process of forging closer cultural links with its southern neighbour, Brazil.

And following the lead it took in forming the Caribbean Free *Trade Area* (CARIFTA), which promises to be a regional success story, Guyana is now heading moves to create a political grouping the region, the first step of which will be the publication on November 1 of the Declaration of Grenada in which a number of Commonwealth Caribbean States will commit themselves to achieving regional unity.

European News

Four Power Berlin meetings resume

WEST BERLIN, August 16.

AMBASSADORS of the big four powers to-day began their fourth meeting in seven days in an effort to clear the way for a settlement of the Berlin question.

The ambassadors of the United States, Britain, France and the Soviet Union met here in the *former Allied Control Council* building for their 30th meeting since the talks began 17 months ago.

Chairman of to-day's meeting *is the French Ambassador, M.* Jean Sauvagnargues.

After meetings on three consecutive days last week, the ambassadors paused only on the anniversary of the Berlin wall on Friday. *A celebration parade by para-military forces* in East Berlin drew a strong protest from the three Western allied commandants in West Berlin on the grounds that it violated Berlin's special demilitarised status.

The East Berlin parade was conspicuously attended by Soviet Ambassador Pyotr Abrassimov, chief Soviet delegate to the four-power talks, which illustrated one of the major problems in the talks—the Soviet claim that East Berlin is now the East German capital and therefore no longer bound by *four-power authority*.

The ambassadors are at present trying to complete a thorough review of both the Soviet and Western positions before *referring back to their respective* Governments. According to sources close to the conference the ambassadors might continue their session for one or more days this week, if more time is needed to settle points which are still unresolved.

With the talks in such an active phase West Berlin's governing Mayor Klaus Schuetz has decided to cut short his trip to the United States which was originally due to last until Friday.

The main issues under discussion are improved travel for West Berliners, the city's close ties with West Germany including Bonn's political presence in West Berlin, the establishment of *a Soviet Consulate-General there* and representation for West Berliners abroad.

Reuter

Mintoff communicates his rejection of aid offer

BY RICHARD JOHNS

THE British Government has been told by *Mr. Dom Mintoff*, the Maltese Prime Minister, through diplomatic channels that the U.K.-NATO offer of £8.5m. a year in cash and economic *aid is inadequate, according to* informed sources.

The Maltese Government has not given any indication of what it believes would be sufficient. Yet the door has been left open for talks on the basis of the offer.

Yesterday Sir Anthony Mamo, the Governor-General, said at the opening session of Malta's new Parliament that the Government was still negotiating with Britain over Western rights to use the island's air and naval facilities.

However, in his speech from the Throne Sir Anthony warned that Malta would press for a deal which would make her economically independent and that an acceptable sum would have to be "*very much higher*" than what had been offered so far.

In fact, there have been no discussions between Mr. Mintoff and Sir Duncan Watson, the *British High Commissioner, since* the latter presented the first part of the aid proposals last Wednesday.

Thus, Mr. Mintoff has no *precise idea so far about* the other undeclared elements—the money, in the form of grant or loan, which Britain's NATO Allies are prepared to give over *and above* the basic £8.5m. (made up of £5m. contributed by several other NATO countries, as well as Britain, and £3.5m. in economic development aid from the U.K.).

In Whitehall Mr. Mintoff's Note is seen as another move in the game of "brinkmanship."

Major Abdul Salam Jalloud, the Libyan Minister of the Economy and acting Minister of the Treasury, arrived yesterday in Valletta for more talks with Mr. Mintoff.

Godfrey Grima reports from Valetta: The Governor-General, *Sir Anthony Mamo to-day spelt* out the Government's intentions, and the objectives behind the current negotiations with Britain.

"In the view of my Ministers *there must* be a new single instruments which will clearly specify the facilities given by Malta to Britain and which, on the other hand, will show clearly that the sum paid by Britain for the facilities afforded by Malta is due by way of rent."

Sir Anthony said that the negotiations were continuing: "The Maltese Government will go on pressing so that Malta may in a very short time be able to stand economically on its own feet. For this aim to be achieved the rent to be paid by the British *Government for military facilities* must be very much higher than the so-called aid offered in the past," the Governor-General added without revealing what price the Government was asking.

Sir Anthony also dwelt on the talks held between Malta and Libya stressing "the whole world knows how the Government of Libya have, on this historic occasion for Malta, stood shoulder to shoulder with the Maltese Socialist Government so that by their joint efforts Malta, in as short time as *possible, may be changed from* an instrument of war into a centre of peace."

The Governor-General paid tribute to West Germany for its "efforts to give to the drydocks a new stretch of life." The Government was taking steps to re-establish discipline and eradicate abuses and corruption, he went on.

OECD strongly critical of W. German policies

BY MALCOLM RUTHERFORD BONN, August 16.

THE ANNUAL OECD report on West *Germany is again strongly* critical of the Government's mix of fiscal and monetary policies, and warns that if they are maintained, together with the floating of the D.Mark much longer, they could well lead to stagnation or even a decline in economic activity next year.

The report says that Germany is much better equipped than most countries with the necessary legislation to regulate economic cycles but has failed to use the fiscal measures available, largely for political reasons. Its message *is that* the Government must do better in future.

Price increases, it predicts, are likely to continue to accelerate in the next few months, especially in the consumer sector, though it comes out with the curiously low forecast of an increase in the cost of living index in 1971 of slightly under 5 per cent.

The report refuses to make any direct predictions on the success or otherwise of the floating of the DMark, and in any case its comments here have been largely overtaken by yesterdays events in *Washington and their unknown* effects on German exports.

The report does admit, however, that West Germany is facing an increase in unit labour *costs of* an unprecedented degree. This began in mid-1969 when profits were advancing far faster than wages and union leaders and shop floor militants decided that *wages must catch up*.

It is now essential, the report says, that wage settlements must revert to pre-1969 levels. It does not believe that this will happen as quickly as is desirable, but leaves it open whether there has been a permanent change in German trade union behaviour in the direction of sustained militancy. The alternative is that there may *simply* be a longer time-lag than usual before unions and employers adjust themselves to a changed economic climate.

Ford to raise prices

By Christopher Lorenz

FRANKFURT, August 16.

FORD WERKE, the West German subsidiary of the Ford Motor Company of the U.S., has become the second motor company in the *Federal Republic to raise its* prices. As from August 23 they will be up by between 1.2 per cent. and 3.8 per cent., an average rise of about 3 per cent.

Ten days ago Adam Opel, the General Motor subsidiary, announced an average increase of 3 per cent., to take effect to-day. Earlier this month both parents raised their U.S. prices, Ford by an average of 5.2 per cent., General Motors by 4.1 per cent.

Loans of DM380m. approved

By Christopher Lorenz

FRANKFURT, August 16.

THE West German capital market committee to-day approved the issue of DM380m.-worth of loan before the end of this month. Only one directly foreign borrower is included, the *long-awaited City of Johannesburg* DM80m. loan, lead-managed by the Berliner Handelsgesellschaft-Frankfurter Bank. But one of the domestic borrowers, with DM100m., is SKF-Kugellarfabriken, a subsidiary of the Swedish SKF concern. The other domestic borrower is the State of Baden Wuerttemberg, with DM200m.

No probable term has been named for any of the loans, for the German capital market is in an extremely uncertain state following President Nixon's *broadcast last night*. Bankers view the prospects for DM foreign loans with a mixed feeling. On the one hand, interest in dollar issues is expected to drop sharply, and some sources expect the interest in DM loans to increase accordingly.

Romanians assert autonomy

By Michael Simmons, East European Correspondent

IN A THINLY veiled warning to Moscow *not* to seek to dictate terms to Romania, President Ceausescu has told his countrymen they should be determined to defend their revolutionary gains. "Fighting for life," he told a provincial meeting during the week-end, "we fight to be free and masters of our homeland."

As he was speaking, carefully stage-managed publicity was being given to a stop-over in Bucharest of a high-ranking Chinese military delegation on its way from Peking to Tirana. This delegation, led by Li Teh-chang, political head of the Chinese Army, was met at Bucharest by the Romanian Defence Minister, General Ion Ionita, and other high-ranking officers.

According to official reports in Peking, the delegation stopped in Romania at the invitation of the Romanian "authorities." Their stop was restricted to a formal mention from the Romanian agency, Agerpress.

President Ceausescu emphasised that "it is inadmissible *that anyone in any way should* try to dictate to another people how to organise its life, how to achieve its economic and social development."

In a parallel development, the Yugoslav newspaper, Borba, attacked as "extremely incorrect, if not provocative" the allegation printed in a Hungarian journal at the end of last week *that* Yugoslavia, Romania, and Albania might with China be seeking to form "an anti-Soviet axis" in the Balkans. Borba said the Hungarian charges amounted to "unfounded conclusions and impermissible warnings."

The Chinese delegation is believed to be the most senior to have visited Eastern Europe for *some two years. It could* well be that their talks were preparing the ground, from the security point of view, for a high-powered Chinese Government visit to the Balkans, possibly led by Chou En-lai, the Prime Minister, later this year.

All three of the Balkan countries are stepping up their commercial contacts with the Chinese. Both Albania and Romania have long-term economic agreements, which in the case of the former reportedly includes supply arrangements for rockets and *other sophisticated military* equipment.

Romania, having received substantial financial help from Peking in the wake of the disastrous floods that hit the country early in the year, has signed acceptance of a long-term interest-free loan. There has been speculation that China might also be interested in supplying equipment to the Romanian Army.

SWITZERLAND

New tax agreement may stop German migration to Ticino

BY NORRIS WILLATT

THE NEW agreement between Switzerland and West Germany closing tax loopholes by which Germans have hitherto been able to benefit by taking up Swiss residence could put a brake on the West German drive to acquire real estate in Switzerland, and particularly on that aspect of it which often has been described as "colonisation" of the most southerly canton of the Swiss Confederation, the Ticino. *In recent years the West* German migration there, which has been going on for decades, has accelerated. Lake Lugano, and the Lake Maggiore communities of Locarno and Ascona are within easy reach of most big cities of West Germany, and the Italian language and life style further gives them a Mediterranean flavour.

Sumptuous

The Germans have bought up acres of choice land, on which they have built sumptuous villas *and luxurious apartment buildings*. Cars bearing the "D" identification sticker are conspicuous everywhere. The Ticinese working in the hotels, restaurants, shops, all speak serviceable German. Any obviously non-Italian foreigner is automatically addressed in that language—not always to his liking. More and more of the *best areas in the canton are* passing into German ownership. According to the Cantonal Office of Statistics, in Bellinzona, the Ticinese sold almost three times as much real estate in 1970 as they bought. The value of sales contracts amounted to nearly Sw.Frs.147m. (around £15m.), while those of purchases by the local people totalled only *Sw.Frs.53m. (just over £5m.)*.

The majority of buyers were Swiss from other parts of the country, mostly from the German-speaking cantons of the north east: *the Tessin, as they* call it, has always been a favourite holiday and retirement spot for people from Zurich, Basle, Berne. But even *compared with the 789 buyers identified* in this category, the 282 from West Germany and Austria (mainly the former) make an impressive total. Moreover, the German-speaking foreigners paid out a total of about £4m., or around £14,200 per head, compared with a little under £5m., or some £6,200 a head, invested by other Swiss. Furthermore, the latter as a group sold just about as much real estate in the Ticino as they bought during 1970. The Germans and Austrians showed an excess of some £3m. in purchases over sales of local real estate.

Other official statistics show that during the course of the year a total of about 900 applications were made to the authorities by foreigners from all countries for permission to buy *land and habitations* in the canton, to a total value of around £13m.; no fewer than 700 or so of the applicants were West Germans—which suggests that the "colonisation" process has been stepped up in 1971.

Real estate prices have risen sharply, especially in such communities as Lugano and Locarno, where choice sites are scarce and expensive and old and *often* picturesque villas with large gardens are being demolished to make way for condominium-style apartment buildings which all look as if they had been poured out of the same mould. Also taking part in the invasion (though to a considerably lesser extent) are the neighbouring Italians, for whom ownership of real estate in the Ticino means a franchise to export capital more liberally, and a hedge against an uncertain future at home.

Discrepancy

Apart from tourism, building is the Ticino's main industry, in an area where manufacturing is small-scale and mostly confined to primary processing. The foreigners can provide far more employment to the trade than local people, whose pockets demand more modest houses and flats. This discrepancy has caused some unrest among the Ticinese themselves, who often complain that they are being priced out of their own market. This is one reason why the Federal Government, which has been deluged with similar complaints from other parts of the country, has moved to tighten up the restrictions on ownership of real estate by *foreign* nationals.

The new regulations, dating from the start of this year, are not foolproof, since there are ways to get around them, such *as by setting up a corporation*, with a Swiss national as head; last year, 513 purchase contracts, to a total value of close to £11m., were on behalf of "juridical *persons*." But if the controls prove ineffective, Berne has hinted that it will tighten up even further.

Such a development would be in line with the current policy of imposing measures to curb the overheating of the national economy, one of the strongest manifestations of which is the building and real estate market.

Other Overseas News

Cairo desperately tries to heal Syria-Jordan breach

BY OUR OWN CORRESPONDENT CAIRO, August 16.

CAIRO fears a new explosion between Syria and Jordan as the two countries build up forces along the border and is making every effort to persuade both Damascus and Amman to show restraint.

The semi-official newspaper Al Ahram reported this morning that the Egyptian Government was in contact with a number of Arab capitals over the crisis yesterday, and informed sources said that President Sadat's troubleshooter, Hassan Sabri el Kholi, who arrived in Jeddah from Damascus yesterday evening, is carrying a message detailing Egypt's moves to preserve the peace and asking King Feisal to use his influence in Jordan.

At the same time the Jordanian-Palestinian peace plan, which Mr. Kholi and Saudi Foreign Minister Omar al Saqqaf took last week to Jordan and Damascus, has run into trouble. According to informed sources, although both King Hussein and guerilla leader Yassir Arafat have agreed in principle to the six points, there are still differences about methods of implementing them. In Egypt's view, an agreement between Jordan and the Palestine resistance headquarters in Damascus is essential, if the current crisis between Syria and Jordan is to be overcome.

Reflecting President Sadat's almost desperate concern to preserve Arab unity, Al Ahram commented that Cairo and other Arab capitals felt that in this decisive year all Arab potential should be preserved for the battle with Israel.

Egypt's moderation is shown by the fact that Jordanian Airlines flights to Beirut are being rescheduled via Cairo in spite of Egypt's close alliance with Syria, which has banned Jordanian flights over its territory.

Al Ahram reported to-day that the executive committee of the Palestine Liberation Organisation has insisted on guarantees before implementing the Egyptian-Saudi peace plan with Jordan. They include freedom of commando action and release of all commandos held by the Jordanians after the July round-up: both these points have been agreed in principle by King Hussein.

The PLO also wants all arms confiscated by the Jordanians to be returned, and to have its offices and organisations agreed on in the Cairo and Amman agreements of September 1970 re-opened.

Informed sources say that King Hussein has also asked for firmer guarantees on how the guerillas' operations are to be supervised. The peace plan provides for the resumption by the Arab political and military committees of their supervision of the Cairo and Amman agreements. To function efficiently they would need independent observers: this is apparently causing some concern to King Hussein.

Gorton resigns as Deputy leader

By Our Own Correspondent

CANBERRA, August 16.

MR. JOHN GORTON, dismissed last week from the position of Defence Minister and third-ranking member of the Australian Cabinet, to-day resigned his position as Deputy Leader of the Federal Parliamentary Liberal Party.

His action clears the way for a ballot, either to-morrow or on Wednesday, by the 67 Liberal Party MPs and senators to elect a new Deputy Leader. Mr. Gorton has indicated that he will not stand again for the position but *there could be as many as six or* seven candidates.

Leading contenders on present indications are the Treasurer, Mr. Billy Snedden, from Victoria, and the National Development Minister, Mr. Reginald Swartz, from Queensland. There is fair support also for Mr. David Fairbairn, of New South Wales, who is currently holding the two portfolios of Defence and Education and Science.

When the Deputy Leadership is decided, Mr. Fairbairn is expected to be confirmed as Defence Minister and there will be a further reshuffle of the Cabinet to fill the Education and Science post.

Mr. Gorton sent his resignation to the Liberal Party chief whip, Mr. Malcolm Fox, this morning after writing an article for the Sunday Australian newspaper yesterday in which he said: "... I think it would be absurd for the Liberal Party to have a Deputy Leader who was not in the Cabinet. If I were to seek to continue in that position, that could be represented as creating division, and to polarise the party.

Protect Gaza people call

BY OUR OWN CORRESPONDENT CAIRO, August 16.

EGYPT yesterday asked for immediate United Nations intervention to protect the inhabitants of Gaza in Israeli-occupied territory from "Israel's systematic campaign of terrorism and suppression."

The note to Secretary-General U Thant from Foreign Minister Mahmoud Riad was sent yesterday, August 15, which Mr. Mohammed Heykal, the editor of Al Ahram, says is the deadline set by President Sadat for Washington to come up with new ideas for solving the Middle East crisis. It seems timed as a curtain-raiser for the expected Egyptian campaign at the UN.

Mr. Riad asked that his note be distributed among UN member-states as a Security Council and General Assembly document. In it the Foreign Minister claims that Israeli troops are daily increasing the expulsion by force of the inhabitants of the Gaza sector and the demolition of houses, leaving people without shelter, as part of a long-term Israeli scheme to annex the Occupied Arab territories to Israel, Mr. Riad says.

The note refers to Article 49 of the 1949 Geneva convention which safeguards the status of civilians in times of war and outlaws the forceful eviction or deportation of civilian inhabitants of occupied areas.

China pledges support to Sudan

BY OUR OWN CORRESPONDENT CAIRO, August 16.

CHINA has pledged its support for Sudan's independence "against all pressures," the Middle East News Agency reported from Khartoum to-day. The pledge came in a reply from Peking to an August 4 message from President Jafaar Al Nimairi, thanking the Chinese for their support during the July 19 coup.

Foreign Minister Mansour Khaled announced that Sudan would shortly sign a special protocol with Peking for the financing of projects, including road-building and the establishing of textile factories. Sudan has an economic and technical co-operation agreement with China providing for $45m. of aid, which has not yet been used.

Mr. Khaled also announced that President Nimairi had rejected an offer from Somalia to mediate between Sudan and the Soviet Union, pointing out that Sudan had had no hand in the timing or nature of the conflict with Moscow and had only assumed a defensive attitude. The offer was received yesterday from the Somali President, General Mohamed Said.

Mr. Khaled added significantly that President Nimairi's reply to General Said had been in line with Sudan's earlier reply to Syrian offers to mediate. Syrian Vice-President Mahmoud al Ayubi and Deputy Premier Abdel Halim Khaddam flew direct from Moscow to Khartoum in a mediation attempt last week.

The Foreign Minister quoted President Nimairi as saying that, although Sudan considered the Soviet Press campaign unjustified, his Government would continue to honour trade agreements with Moscow and other socialist countries.

Yesterday Sudan's chief of staff Major-General Mohamed el-Baqer reported that some Soviet experts, who had been confined to their homes after President Nimairi's return to power on July 22, had now resumed their duties. Their work would be completed on specific dates, he added.

A military court yesterday sentenced three men to 20 years imprisonment each for helping Communist Party Secretary-General Abdel-Khalek Mahgoub escape from jail on June 29. Mr. Mahgoub was hanged for allegedly masterminding the July 19 coup.

Kennedy says Pakistan committed genocide

NEW DELHI, August 16.

SENATOR Edward Kennedy said to-day he was convinced that the Pakistani Army had committed genocide in East Pakistan and added that he would recommend a halt to all American aid to the military regime.

The Senator, who spent four days last week visiting East Pakistani refugee camps in India, denounced as an outrage the secret trial of Sheikh Mujibur Rahman, the Awami League leader.

"I think that the only crime Mujib is guilty of is winning an election," the 39-year-old Senator said. "The question of the trial being secret is an outrage to every concept of international law and a travesty to those who believe in international law."

A Pakistani High Commission spokesman here said to-day that the trial had begun in Pakistan of Sheikh Mujib. The spokesman said there had been an announcement that the trial would open on August 11 and it had done so. He could give no further details.

Reuter

CHINA-N. KOREA AGREEMENT

HONG KONG, August 16.

CHINA and North Korea have concluded in Peking an agreement providing for increased economic co-operation after bilateral talks, the New China News Agency reported to-day. Chinese Premier Chou En-lai attended the signing of the economic co-operation agreement yesterday, the agency said. No precise details of the accord were given.

Reuter

Row expected on rights of S. African coloureds

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Aug. 16.

SOUTH AFRICA'S party congress season opens to-morrow amid one of the noisiest political rows the country has known for some time. The issue is: whither the coloureds? And it is expected to embroil both the South West Africa National Party congress to be opened by the Prime Minister in Windhoek to-morrow, and the United Party Cape congress in East London.

The National Party leadership is in a bit of a cleft stick over the coloureds. On the one hand it is not prepared to follow the path suggested by some of its more unconventional members and set aside a "homeland" for the coloureds as it has for various African tribes. But nor is it apparently prepared to go along with the 109 Afrikaner academics who recently signed a declaration calling for "full citizenship" for the coloureds.

On several occasions Mr. Vorster has said a solution to the coloured problem would have to wait until the next generation, but the recent row has developed because men with insight have seen that it obviously cannot wait that long. Indeed the whole country was given quite a shock last year when violence broke out in the coloured township of Gelvendale. It was this violence that set off the recent bout of soul searching among Afrikaner intellectuals over the future of the coloureds.

Local commentators say another important issue is whether the United Party too will be prepared to change its present policy on coloured political rights. Basically, what this policy boils down to is that the coloureds should permanently be regarded as second class citizens. Only the Progressive Party among the various white parties is prepared to grant the coloureds the same rights as whites.

Red carpet for Banda visit

PRETORIA, Aug. 16.

A 21-GUN salute echoed across Pretoria to-day heralding the arrival of President Hastings Kamuzu Banda of Malawi on a state visit—the first to the Republic by a black African head of state.

Dr. Banda, waving his fly-swish, touched down at Waterkloof Air Force base to a red carpet welcome from South African President Johannes Jacobus Fouche.

The welcoming party included Foreign Minister Dr. Hilgard Muller and the Judge-President of the Transvaal division of the Supreme Court, Petrus Cillie who adjourned the trial on terrorism charges of the Anglican Dean of Johannesburg, the Very Rev. Gonville ffrench-Beytagh to be at the airport. Dr. Banda's ten-member party included Finance and Information Minister Aleke Banda.

UPI

Export News

IN BRIEF

Italy gets Badger system

Hudswell Yates Developments, the Leeds-based developer of the Badger system of trenchless pipe-laying, has signed an agreement under which Impresa Costruzionle E Ricostruzioni of Rome will promote and operate the system throughout Italy.

The first project under this new arrangement started yesterday when pipelayers started 700,000 metres of irrigation laterals and feeder mains in the Arborea area of Sardinia. The work, due for completion in the spring of 1973, follows a successful pilot scheme in Sardinia last year.

The Italian company is the fifth to link up with Hudswell Yates Developments to exploit this system of pipelaying.

Other joint venture concerns have been established in France, Germany, Canada and America, while in the U.K., a subsidiary company, Yates Badger Pipelines, has an order book of £610,000 for the laying of sewerage and similar pipes by this method.

*

Orders for lifts worth more than £250,000, part of a £10m. development plan for Collier Quay in Singapore, have been won by The Express Life Company of Northampton.

The order covers the supply of 12 lifts for the Ocean Building which will rise to 28 storeys above the Singapore waterfront. It is the largest single overseas order yet won by Express and, following negotiations in London and Singapore, it was placed with the company's distributors in Singapore by the Capital and Counties Property Company of London and Ocean Properties, Singapore.

In the Ocean Building tower block, six of the lifts will each carry 23 passengers at 1,000 feet per minute and the others will travel at 700 feet per minute.

A £100,000 order has been placed with the Northampton company for the supply of five 16 persons passenger lifts for the Ocho Rios Intercontinental Hotel in Kingston, Jamaica by Cementation Overseas Construction on behalf of Point Hotels of Jamaica and the Intercontinental Hotels Corporation of New York.

Orders worth more than £50,000 have also been received by Express to supply four lifts for the Barclays Bank D.C.O. Centre in Johannesburg and equipment to be used in the construction of nine high-speed lifts at a development in Northside Gardens, Sydney.

*

Roto-Finish, the metal and plastics finishing group, of Hemel Hempstead, Hertfordshire, has sold plant worth more than £140,000 to the Soviet Union.

The main part consists of seven spin finishing machines with spares and consumable materials. Three machines will process zinc die-cast door handles and quarter-light catches for the Russian equivalent of the Fiat motor car. The other four will process aluminium die-cast domestic door handles.

Special fixtures were made so that the varying components can all be processed within a standard design of Roto-Finish machine. With only one operator, each machine can produce 600 car components or 350 door handles an hour.

The rest of the Russian order is a complete electro-polishing plant including three ST.16 Spiratron vibrator finishing machines and a programmed fully automatic electro-polishing unit. The plant was specially designed to process stainless steel cutlery, mostly spoons and knives. The Spiratrons remove sharp edges from the blanked and formed pieces and improve the surface before finishing in the electro-polishing unit.

Processing media and electro-polishing solution for an estimated two years' production were included in the order.

*

GKN Windsor has sold an 800 ton clamp injection mouding machine to VACRS of Taipei, Taiwan. This machine is of the direct hydraulic lock type, and was chosen for its speed and extreme versatility. The Windsor 800 is claimed to be one of the fastest 800 ton lock machines in the world. The contract includes the visit of a GKN Windsor engineer for the purposes of installation and training of VACRS engineers.

*

Whitlock Brothers of Great Yeldham, Essex has recently received an order from Israel for its 570 offset excavator loaders worth more than £50,000.

The machines will have their first public showing in Israel at the British Agricultural and Food Processing Exhibition being held in Tel Aviv on November 16-25 where Whitlock, in conjunction with its distributors, Palestine Automobile Corporation, will be showing.

Britain's exports to Israel since 1967 have doubled to more than £102m., and through the International Bank for Reconstruction and Development a $20m. loan has been made for agricultural projects, this being the first of three such loans.

This is the largest single order yet received by Whitlock Brothers, a member of the London and Midland Industrials Group of Companies.

Trends in shipment of Scotch cause concern

FINANCIAL TIMES REPORTER

SCOTCH whisky exports continued their boom throughout the first half of the year, rising by 14.7 per cent. in volume to 31.56m. gallons and by 17 per cent. in value to £99.17m. The details of these exports per category and per market now available reveal several causes for concern within the industry and associates.

In the first place, there is the rapid growth in shipments of blends in bulk at proof strength for reduction and bottling overseas. In the first half of this year, these bulk shipments of Scotch blends amounted to 8.5m. proof gallons, compared with 21.5m. gallons of bottled blends. The bulk shipments are climbing fast and by the end of the year may equal at least half the exports of bottled blends.

Labelling

This constitutes a double danger. The exporter must keep a close scrutiny on the bottled product if it bears his own label. But many do not bear the exporter's brand name; they are, in effect, private bottlings, or *buyer's own brands, with* a possible danger to the whole industry should standards be lowered at all.

For private labelling is just what is happening in Common Market countries, particularly in Germany, with the privately labelled brands selling at cut prices in continental outlets.

Germany, for instance, took 771,000 gallons of bulk blends in the period, valued at £1.8m., and only 379,000 gallons of bottled *blends, worth £1.5m. In fact,* Germany now takes about two-thirds of its Scotch imports in *bulk, and both Belgium and* Switzerland take about one-third of theirs in bulk.

Price-cutting

The price-cutting resulting from these bulk imports of blended Scotches was undoubtedly what Mr. A. F. McDonald, chairman of The Distillers Company, had in mind when he said in his interim statement that "in Europe, the group's brands experienced strong competition, mainly based on price."

The logical conclusion would be for European importers to try and insist on bulk imports only.

In the same period, the U.S. took 6m. gallons of bulk blends worth £7m., compared with 10.5m. gallons of bottled blends valued at £40.4m. The price differential is at once obvious: the bulk averages just over £1 per gallon, the bottled just under £4 per gallon.

The same differential is true of total earnings and gallonages. The 8.5m. gallons shipped in bulk were worth £12.5m., while the 21.5m. shipped in bottle were valued at £83.5m.

Local spirit

The pattern of export of malt whiskies are also causing concern. Just over 1.56m. gallons of malt whiskies worth £3.14m. were exported in the period, or increases of 121 per cent. in volume and 94 per cent. in value on last year's period.

But 1.48m. of this year's total gallonage shipped was sent in bulk for mixing overseas with local spirit. Only 82,000 gallons went in bottle. The bulk malt whisky exports were priced at £2.72m., while the bottled were *valued at £412,000.*

That is, the bulk malts were worth under £2 per gallon, and the bottled ones almost £5 per gallon, on average.

These bulk malt shipments naturally bring in Japan, the largest overseas customer for Scotch malt whisky.

Some 640,000 gallons of malt whisky worth £1.13m. were shipped in bulk to Japan, and 3,000 gallons of bottled malt whisky, valued at £13,000. The bulk malts all go for mixing with Japanese made spirit.

In addition, Japan took 22,000 gallons of blends in bulk, worth £37,000, and 405,000 gallons of bottled blends costed at £1.82m. In all, Japan took 1.07m. gallons in the period, paying £3.01m.

This represents a total of 77.7 per cent. on last year's figure of 602,000 gallons, and of 73 per cent. on last year's earnings of £1.73m.

But the malt whisky shipments to Japan in last year's period only amounted to 176,000 gallons, as compared with this year's 643,000—an increase this year of 260 per cent.

Japan's imports of blends in last year's period amounted to 426,000 gallons, compared with this year's 427,000 gallons. Some 22,000 gallons of that latter total were shipped in bulk, with the possibility of being mixed in Japan.

"Liberalisation"

In fact, then, despite the alleged liberalisation of Japanese Scotch imports, only 405,000 *gallons of blended Scotch* backed by the blender's label and reputation have been imported into Japan in the first half of the year.

The Japanese boom in Scotch imports is in malt whisky for mixing with their own spirit.

These two trends towards shipping in bulk and shipping malt whiskies for local admixture are the most important facing the industry at present.

Rally in U.K. sales to Spain

By E. H. Gruenert, Madrid Correspondent

THE U.K. exported £77.4m. worth of products to Spain in the first six months of this year, as against a total of £77.3m. worth of products in the first half of last year.

According to provisional figures released here—excluding the Canary Islands and Spanish ports in North Africa—Britain's exports to Spain of machinery and transport equipment have increased by about £3.1m. to £27.4m. in the first half of this year (and £5.2m. on the corresponding period of 1969).

The export value of chemical products and of steel and iron products in the first six months of this year amounted to £8.3m. and £8.0m., respectively, followed by £2.5m. worth of special and optical equipment and £2.1m. worth of whisky.

About £4.6m. worth of machinery and transport equipment was sold to buyers on the Canary Islands and in Spanish ports in North Africa. Petrol products worth £1.4m., about £0.7m. worth of whisky and £1.1m. worth of food products were also shipped to the Canary Islands.

The total of £1.1m. export increase in the first half of 1971 was obtained after an almost £4.9m decline in British exports to Spain compared with the same period of 1970 in the first two months of this year.

The position improved in the *last three months, in part,* because the Spanish Government reduced by half the 20 per cent. ad valorem deposit that Spanish importers were obliged to make in order to get an import permit.

Confidential, of course

BY DAVID CURRY

A BRITISH company specialising in veterinary diagnostic work has joined the "mother-to-be" industry by remote pregnancy testing of pigs in Switzerland.

Wickham Laboratories, Hampshire, receives every week a batch of 40 samples of vaginal tissue from a herd of breeding sows owned by the Optigal Company and reared near Lausanne. Special sections of each sample are examined microscopically to detect pregnancy.

Within 14 days of a sow's becoming pregnant changes appear in the animal's vaginal wall. If examination shows that the sow is not pregnant it can be served by a boar again.

In this way, the company claims, the breeding programme can be made more effective and time previously spent waiting for visible signs of pregnancy saved.

The Swiss company, which is associated with a supermarket chain which markets its products, is trying to build up a 5,000-strong herd of gilts and sows.

These will be reared in a controlled environment which will include a largely germ-free atmosphere achieved by filtering air entering the building, stockmen wearing special clothing and building the unit in a remote mountain area.

Cuban deal for British Steel

THE General Steels Division of the British Steel Corporation has received an order worth over £350,000 for permanent way materials from Cuba. It comprises some 4,000 metric tons of railways rails, and 600 tons of fishplates for the Cuban National Railways and 400 tons of fishplates for the Cuban Sugar Corporation.

Annual Statements—Continued

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Avoiding near misses

A BIG step forward towards the elimination of near misses in the approach to or departure from major airports has been made as a result of the successful testing of the "Secant" system in course of development by RCA.

The basic version of Secant demands the exchange of radio signals between aircraft in range of each other. By measuring the characteristics of signals received in response to its interrogations, a navigator is able to determine which nearby flight constitutes a collision threat.

In larger versions of the system, the closure rate and the bearing of closing aircraft will be measured and from the results, the pilot will be provided with instructions on the evasion manoeuvre — descend, climb, right, left or a combination of two of these.

RCA thinks the possibility offered of horizontal escape routes in case of a collision threat is of considerable importance; its engineers are continuing to develop the bearing and pilot indicator sides of the equipment.

Power requirements are low and expectations are that a fully solid-state system will be practical and highly reliable.

However, a considerable amount of development work still remains to be done since the test involved a DC-3 and Piper Aztec that is to say comparatively slow machines. These ran through a total of 50 simulated flight encounters on various patterns of collision courses. In each instance, the Secant equipment detected the threat and gave the correct warning.

To add realism, a traffic simulator was used to provide the "clutter" which could be expected around a major airport in the 1980's. It was brought in during intentional attempts to saturate and deceive the system. These were not successful and the equipment rejected all spurious signals, detecting the real target in each encounter.

Use of Secant will not complicate ground equipment and it is intended to operate with existing and future ground control systems as well as to come in versions which will dovetail with varying degrees of sophistication demanded by the users.

Finding the quickest route

CITY CHAOS is becoming so severe that a number of electronics companies around the world are seeking a solution cheap enough to help the individual driver who is trying to get to a given destination within the city limits.

One system, now under development by the Siemens organisation in Munich, would provide the driver of an ordinary passenger car with a sequence of instructions that would guide him to the selected target, by devious routes perhaps, but in the quickest time possible having regard to traffic conditions at the time.

On the key set of a small special device installed in the dashboard of the car the driver would first set a pointer to the destination he requires. To do this he would key in a number selected from a city map with numbered streets.

During the journey, the number is transmitted continuously back to the computer centre through induction loops laid under the road surface. The central equipment compares all the position data of all the vehicles under control with congestion data to derive a route.

The result of the comparison is a series of instructions transmitted to each vehicle telling it where and at what speed to proceed to get to the indicated destination in minimum time.

The receiving device in the vehicle causes a direction arrow and the suggested number of kph to light up until the vehicle crosses the next induction loop, when the whole procedure is repeated and the display changes once more.

In the eyes of the Siemens designers, the system would not demand any radical or high cost change to the vehicles in the system. The specialised accessories, such as the destination selection switch and the instruction panels, could be built into any type of car or lorry without significant outlay.

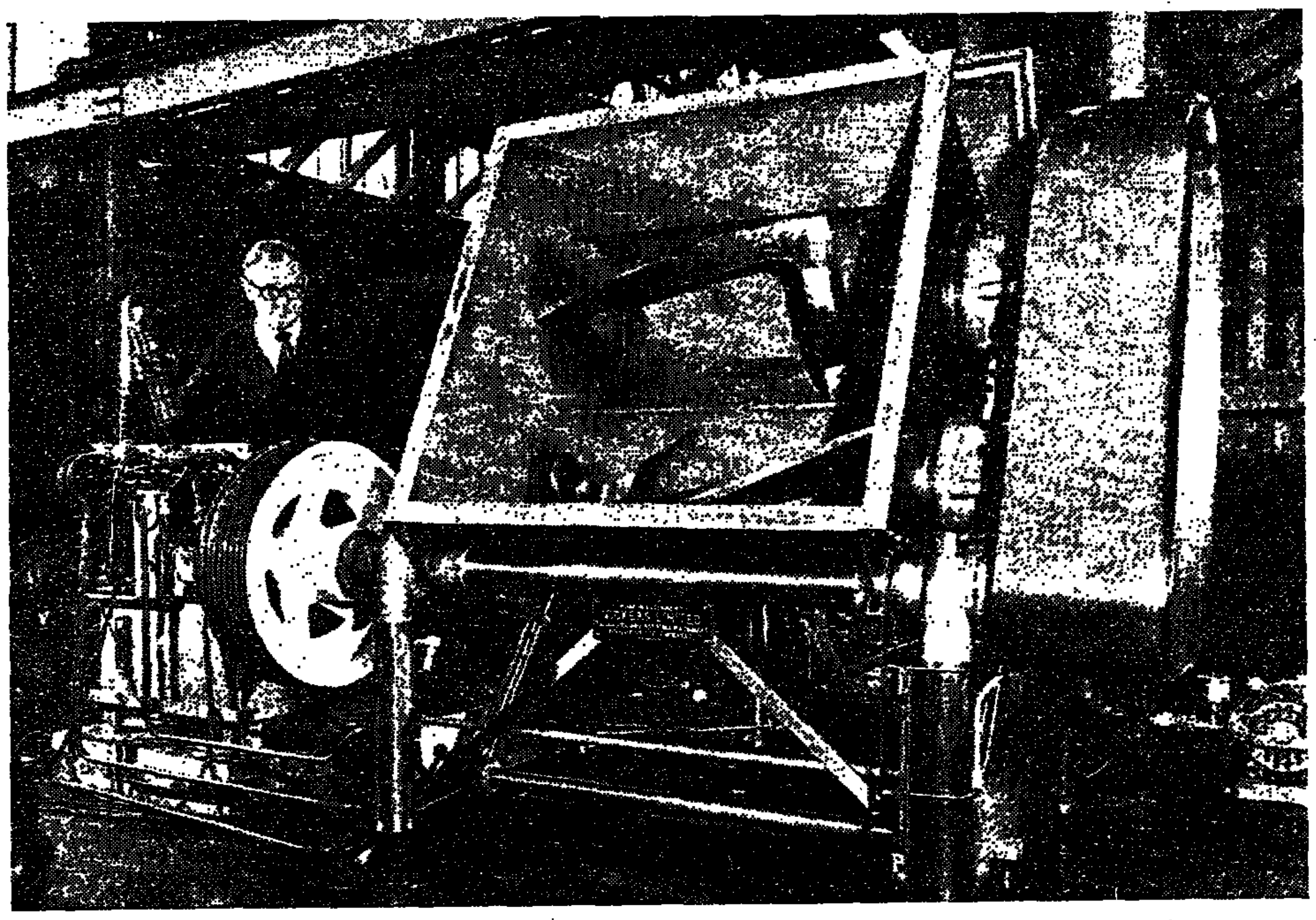
Looking beyond the confines of a city, to which the system would not have to be limited, the system could be applied to the motorways and their users, so that a driver could be navigated from the Moulin Rouge to the Vatican without ever looking at a map.

● PROCESSES

High purity plasma unit

ELECTRODE-LESS plasma spray torch for the high purity application of metals, ceramics and other coatings has been developed by the Humphreys Corporation, Bow, New Hampshire, U.S. The main advantage claimed for the torch is that high purity coatings can be deposited free from electrode contamination. The torch operates on oxygen, air, nitrogen or argon. The use of oxygen and air enables the coatings designer to use such spray powders as oxides and ferrites which would normally break down in a non-oxidising-plasma flame.

The electrode less plasma spray torch operates by creating a temporary conductive load inside the induction coil, with an auxiliary arc starting system. The high-frequency energy couples to the conductive arc, producing a high temperature sustained plasma. Spray powder is injected directly into the plasma stream.



Final tests are in progress here on a Vickers (Worsaam) butter blender prior to delivery to a plant in Jamaica. The order is in respect of the first plant of its type, placed by Dairies Industries of Jamaica, a company recently acquired by the New Zealand Dairy Board. The Board, faced with the decline over the next few years of its once-assured markets in Britain, is seeking its own new outlets and the Jamaican plant is the first one of a whole series, the next being in Singapore, it is believed. Vickers received the order for this blender a short time ago but succeeded in supplying on time through its Container and Packaging Division which is at Crayford, Kent. This section also makes packing equipment as well as fully automated processing lines of many types. The machinery, which it has supplied to the requirements of the New Zealand Board, can cope with a ton of butter an hour, although the plant itself is rated at only 3,000 tons a year initially—basic cost is £20,000. The inference is that standard plants such as this could turn out nearly three times as much on a suitable operating basis. Fifty such outlets could absorb the whole of New Zealand's current butter exports to the U.K.

Filling and washing beer kegs

THREE new machines for washing and filling beer kegs, aimed at European brewers, have been announced by GKN Sankey, Albert Street, Bilston, Staffs.

One of these is a two-stage machine, while on the three-stage version the washing, sterilising and filling stations are all incorporated in one frame. Both of these employ an improved method of inverted filling which is claimed to give a much faster throughput than any other machine of this type.

The third machine is a small, low-cost manually fed version intended for small breweries or for pilot plants. All the machines are designed according to Continental brewery regulations, and a new system of colour-coding is used for the pneumatic pipes to simplify fault finding and replacement.

GKN Sankey will be showing these machines for the first time at Interbrau '71, the international brewing exhibition to be held in Munich on September 13-18.

Distilling to order

PLANT erection is approaching completion at Fraser McNaughton's general purpose fractionating unit at Hendon Dock, Sunderland.

The unit, constructed throughout in stainless steel, has been designed to handle a wide variety of distillation projects such as arise from contamination of cargoes during shipment and is also equipped to handle large-scale solvent recovery and contract processing work in the chemical and allied industries.

This ability will prove particularly attractive during the current period of restrictions on capital spending in the chemical industry, it is expected.

There is 12,000 water tons of storage with suitable facilities for receiving liquids by road and rail and in tankers of up to 8,000 dwt.

Mr. I. M. Smallwood, the managing director of Fraser McNaughton, is also a director of Carless Capel and Leonard, and although independent of each other, the two companies have close technical links. The facilities they can offer in the custom processing field are largely complementary.

Coke weight gauged in movement

AN electronic system for weighing trains of rail wagons to official accuracies while they are travelling at speeds up to 2 mph is currently under construction at the Birmingham factory of Henry Pooley and Son.

For the National Coal Board's Norwood Coking Plant near Gateshead, the system will weigh close-coupled trains of 0-ton four-axle and 45-ton two-axle wagons delivering coal to and coke from the plant. It will handle trains of mixed stock travelling in either direction and will indicate and record individual wagon weights to accuracies required by the Department for Trade and Industry (DTI) to permit stamping for trade use.

This is the eighth weighing-in-motion system to be built by Pooley and associate company W and T Avery since the Avery electronic in-motion concept was introduced commercially some 8 months ago. In-motion schemes—some designed to weigh wagons travelling at 2 mph and more—have been supplied to the BSC, CEGB, chemical industry, extractive companies, and overseas railway authorities.

In the Norwood system, weighing will be carried out by a load-cell rail axle weigher of 25-ton capacity, the axle weights—two or four—being summated to give each total wagon weight. The operation will be entirely automatic. Weights will be indicated on a digital display, printed by a tabulating machine on a paper tally roll, and totalled after the train has cleared the weighing system.

Prevents engine seizure

ENGINE control units designed to prevent seizure are to be fitted to the road tanker fleets of Berk and Berk Spencer Acids.

The units to be fitted are versions of the Robomatic system marketed by Stewart Automotive Equipment, of Bond Road, Warlingham, Surrey.

Both engine oil pressure and water temperature are monitored: if for any reason a fault develops in either system the driver is given a combined audible and visual warning indicating engine stoppage in 25 seconds. Until the fault has been rectified the engine can only be started for periods of up to 25 seconds.

The Berk vehicles are to be fitted with modified units which also monitor the running temperature of the compressors used to discharge the contents of the chemical carrying tankers. If overheating occurs the main engine is stopped after a 25 second warning by means of a solenoid valve mounted directly into the inlet side of the injection pump. The valve is so designed that having brought the engine to a halt it is not necessary to vent the fuel system before restarting the engine. Consequently as soon as the fault has been rectified the vehicle can be driven away.

Pinpointing vehicles

EVERY organisation using a large fleet of vehicles should have constant knowledge of each vehicle's location, availability and duty. This information is essential for fast deployment of resources as required by police forces, ambulance services, etc., in taking action on notification of an incident.

But information concerning police vehicle availability and location, if transmitted to the control room by open speech over the car radio system occupies a significant amount of the system capacity and can be picked up by the persons whom the car in question is seeking to apprehend.

GEC-Elliott Process Automation has received through its supervisory systems unit at Coventry a £40,000 order to manufacture mobile data transmission units for police vehicles.

These units, ordered by the Home Office, will enable a police officer in his vehicle to transmit information in the form of a digital code, giving his location, type of duty and availability over the existing car radio system to a police control room. This information, being in code, will be confidential to the police, will take up very little time on the radio system and will speed up the transmission of the information to the control room.

In the control room the information will be decoded automatically and fed into existing GEC-Elliott computer-based vehicle availability equipment. The control room staff have immediate access to stored information on each vehicle. Hence the whole fleet can be deployed with maximum efficiency to meet any incident which may arise.

● ELECTRONICS

Plated wire memory

THE Marshall Space Flight Centre in Alabama has purchased a 128,000 bit plated wire memory from Honeywell. Called the MINI-Wire system, it is the company's advanced aerospace memory system and uses 2-mil plated wire and medium scale integration. In its standard form it can store 200,000 bits of information in 142 cubic inches.

The 128 kilobit memory will be used with the advanced Space Ultra-reliable Modular Computer for possible future applications in space stations. It will be a loosely packaged modification of the standard memory, easily expandable to the full 200kb capacity without increasing the 142 cubic inch capacity.

Honeywell says it has tested these memories at 180 nanoseconds access time, 250 ns read and 500 ns write while operating on 22 watts of power. The standard memory weighs about five and a half pounds.

The two mil diameter wire was chosen, says Honeywell, because of its compatibility with MSI power levels. Advantages stem directly from the reduction of the magnetic path around the wire, resulting in a 50 per cent. reduction in the word and bit current requirements. The increase in bit packing density reduces stack inductance and delay times, and in conjunction with its transistor-per-word strap organisation, also allows the memory to operate at higher speeds.

NASA is at the moment studying a six to 12-man space station to be operational in the late 1970s. Honeywell is teamed with McDonnel Douglas Astronautics in multi-million dollar studies to design the space station, which could later be enlarged to a 50 to 100-man space base.

Solid state lamps and displays

A RANGE of solid state lamps, character and complete read-out displays has been made available by Pye TMC components division of Sevenoaks Way, St. Mary Cray, Kent.

Using gallium arsenide phosphide light emitting diodes the lamps and modules have leads flexible enough for bending yet sufficiently rigid to allow direct mounting to a printed circuit board. They may be driven directly from the outputs of integrated circuits.

The character modules are available in heights of 0.125, 0.205 and 0.600 inches and can be incorporated in read-out packages complete with decoder/driver. Alternatively the packages can be supplied as display assemblies of two to 10 modules mounted in a windowed bezel frame.

Motor speed controllers

A SERIES of economic thyristor controllers for DC motors operated from standard single phase AC mains have been introduced by Saunders Electronics of Hinckley, Leicestershire.

The units utilise prepacked thyristor control modules which, the makers claim, gives them an electrical performance usually only applicable to an expensive motor control system.

Called PL 348, the units range from 0.5 hp to 5 hp and incorporate a speed control range of 30 : 1 and a speed regulation of 2.5 per cent. at maximum speed. Controls include speed setting potentiometer, inching push button, mains on/off switch, and can be supplied for local or remote control. Protection in the form of automatic electronic current limit is standard.

● AUTOMATION

Sequential control for boilers

EQUIPMENT providing sensitive control of both domestic and industrial heating boilers, designed in the U.S., is now available in the U.K. through Perfection Parts, 59 Union Street, London, S.E.1.

Developed by Penn Controls, it will provide proportional or on-off control of switches in multi-stage boilers or coolers and the actuators can control such components as circulating pumps, gas valves and heat input relays.

Since the system is modular, the customer can select exactly the right components for his application. Among these components are sensors for both boiler and ambient use, remote setpoint adjusters, damper actuators and valve regulators.

AFGHANISTAN

FINANCIAL TIMES SURVEY

Old loyalties hinder progress

By NEVILLE MAXWELL

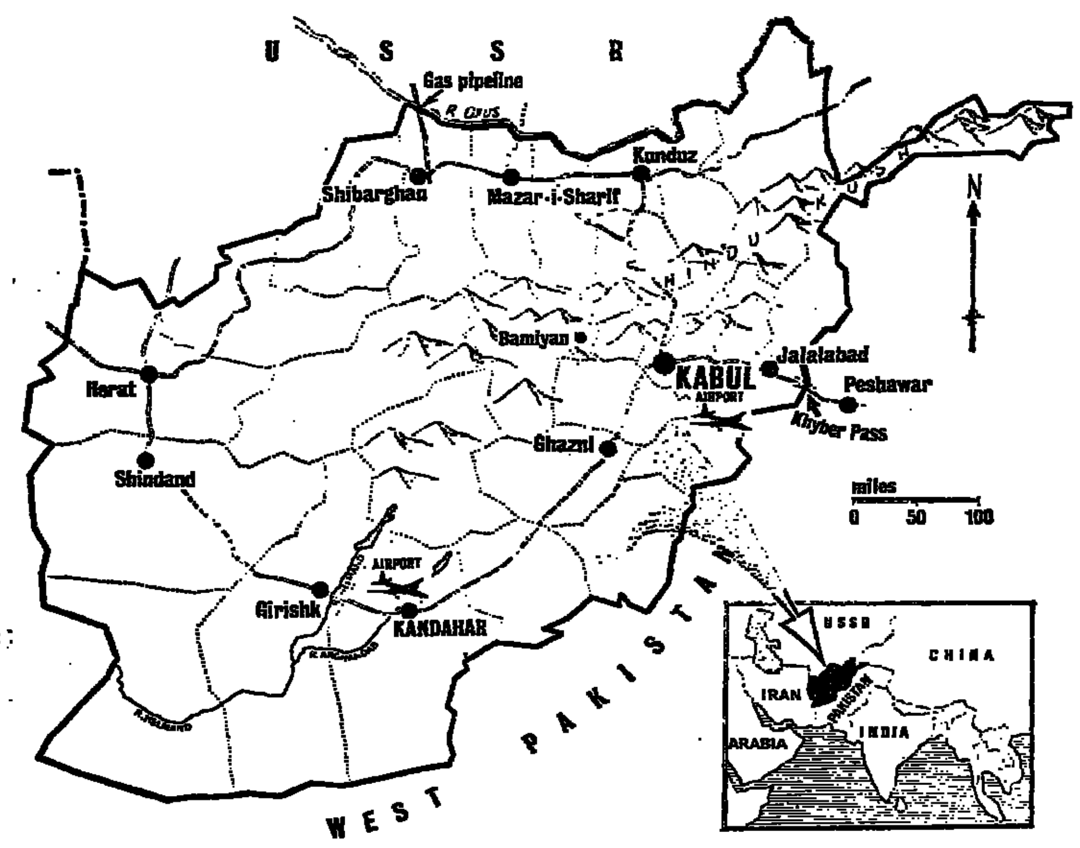
A sense of even the recent past is a help in appreciating Afghanistan, and seeing both the immense changes of the past two decades and the looming problems of the 1970s in perspective. To walk through what can now reasonably be called "Downtown Kabul" is to see a tiny but modern city, new buildings pushing back a palisade of mud housing onto the rimming hills. The bazaars look at first glance what they have always been, piles of melons, laden donkeys as static stores of grapes, and everywhere rugs. But among the traditional wares all the appurtenances of the consumer world are also on sale, and the tribesman in the capital on a rare visit may be intent this time on buying a short-wave transistor as well as cloth goods for the village winter.

Pashtunistan Square, Kabul.

As late as the middle 1950s Kabul had changed little from the huddle of mud buildings familiar to the doomed British garrison which spent a season there before it suffered massacre in attempting the march back to India in 1839. The first great change came in 1954 with the Soviet offer to pave the roads of the capital, and since then change has been steady and fast. Whole new suburbs of modern villas climb back onto the hills, and if many of these are for the present awaiting tenants the recent pace of expansion should encourage the owners to wait hopefully.

In the centre, a park has replaced the old carpet bazaar: the carpet stalls are now scattered through the city. Offices and, recently, hotels, have sprung up, catering for a shallow but hitherto booming urban economy. To drive out of the capital too is to see the strong impact of a decade of development, fine new highways reaching out to most quarters of the country where before only the nomads with their herds or the intrepid with four-wheel-drive vehicles could make their way. Compared with what it was only a decade and a half ago, Afghanistan has made extraordinary progress. But that progress has brought it not to the hypothetical or metaphysical point of "take-off" until lately so much spoken of by the economists, but to the beginning of what promises to be a time of troubles, with the threat of turbulence of a kind the country has not seen since the downfall of King Amanullah nearly fifty years ago.

One aspect of the problem is that development has reached a plateau. The infra-structure construction has been completed, the great new highways built by the Americans and Russians have linked parts of the country previously separated by weeks of trekking, but the end of the construction phase has meant the closing off of opportunities for employment, the upkeep of the roads has now begun to devolve painfully onto the local exchequer—and moreover strong doubts have begun to be felt about the country's need for the road network it now has. The highways are much appreciated by tourists, or transcontinental wanderers en route from London to Melbourne in their sleeper vans, but for villagers who still have only donkeys or camels to transport their goods, they do not make all that much difference.



BASIC STATISTICS

AREA:	250,000 sq. miles
POPULATION:	17.12m.
GNP per capita	£25 (estimate)
CURRENCY:	£1=220 Afghanis

FOREIGN TRADE:	
Exports:	£24.3m. (1968-69)
Imports:	£42.1m. (1968-69)
Exports to U.K.:	£ 6.4m. (1970)
Imports from U.K.:	£ 1.7m. (1970)

Nil return

A sharper sense of misjudgment, if not of blunder, can be discerned around some of the big irrigation schemes, notably the Helmand Valley project promoted and developed by years of American effort. In almost every regard this has been a disappointment. The return on the investment has been practically nil until now and only the committed see real hopes of its ever paying off in terms either of agricultural production or power.

While doubts about the wisdom of such development investment sharpens, the bill has still to be met, and debt servicing and repayments have now mounted so high that it is recognised that the new Government might have to impose a moratorium, unless the creditor countries can—perhaps in a consortium—find the means to provide relief.

The opportunities for industrial development are sharply limited in this overwhelmingly agricultural country of perhaps 10m. to 12m. population, but educational opportunities have been greatly widened in the past few years. The literate labour force has been doubled, the numbers of those with university education have rapidly increased, with no proportional increase in the job openings available to them. The Government has been absorbing as much as possible of the university output in its own offices, but these are now heavily overstaffed, and the ranks of the educated unemployed are likely to grow from now on even faster than before.

The sense of broadened opportunities for the educated and potentially political class which came with the introduction of the new constitution in 1964 has vanished, to be replaced with an intensified frustration. The endemic and indeed traditional corruption of the society has begun to chafe and become a scandal, fuelling potentially explosive political resentments.

The sense of strain evident from the general slowing down of the rapid development pace of the late 1950s and 1960s is being intensified this year by an acute and continuing drought, which has already begun to kill off great numbers of the herds which make up so much of Afghanistan's wealth, and to drive up the price of grain. There are reports already of urban disturbances reflecting the mounting cost of the bread which is a staple of the diet.

Sharp contrast

The sense of impending crisis which the inquiring visitor to Kabul finds, in sharp contrast to the mood of only three years ago, is intensified by the absence of any effective governance over the past few years. The constitutional Sargasso into which all the brave hopes of the mid-1960s have drifted has worsened the dilemmas of the "soft state" inherent in democratic experiments in such traditional societies as this. Afghanistan stands at the very bottom of the international league so far as taxation incidence is concerned, and there is no sign of the resolution—and royal support—needed to begin laying taxes on the only sector of the economy capable of providing significant new sources of revenue, agriculture.

And yet, for all the gloom tangible now in Kabul, it is also felt that recovery, or anyway a new chance, is not out of reach: in fact that relatively limited initiatives would have a broad and stimulating impact. If, unlike his predecessors, the new Prime Minister Dr. Zahir, could enlist the full and open support of the King—or, perhaps by the riskier course of defying the King, win the support of the Shura, or Parliament—the new Government might be able to break new ground in legislation and taxation.

Any attempts in such directions will certainly have the cordial support of the U.S. and the Soviet Union, Afghanistan's prime benefactors. From competition, these two have moved into a tacit but sophisticated rapport in their aid efforts in Afghanistan, and the present sense of concern is common to both. With her smaller neighbours, Afghanistan's relations are less happy. The old quarrel about "Pashtunistan," the separate Pathan state which Kabul would like to see carved out of West Pakistan, is dormant, but the Pakistanis have not been diplomatic in turning this lull to advantage in confirmed cordiality, and pinprick limitations to Afghanistan's trade through Pakistan continue.

It is likely that the Home Department of the new Government will be more crucial, though, than the Foreign Ministry. The introducton of parliamentary forms, however rudimentary, and the electoral experience that has come with them, has introduced new strains into the traditional society, and may have begun the process of translating differences between different sections of the population into rivalry, rivalry into hostility, which one has seen work itself out in other areas of South Asia. About half of the population are Pathans, the remainder being made up of Uzbegs, Hazaras, Tajiks, Turkomen and other, numerically, smaller peoples. The Pathans dominate, but this domination is being resisted ever more articulately, and opposition to the Pathans is finding its readiest expression in linguistic particularism.

Great danger

Here, perhaps, lies the greatest long-term danger for Afghanistan. If the heart of nationhood is at bottom an attitude of mind, that is plainly lacking in Afghanistan. Here the roots of loyalty are still tribal, and Afghanistan is more a structure of boundaries—engineered for their own benefits by the 19th century British and Russian empires, than a nation in the cultural, still less the ethnic, sense. By all present signs, South Asia is moving now into a turbulent period from which may emerge a redrawing of national boundaries, and Afghanistan will be lucky not to be drawn into the process in the long run.

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AFGHANISTAN II

Growth prospects remain bleak

By JULIAN BHARIER, Department of Economics, University of Durham

Despite massive injections of foreign financial aid and technical assistance, Afghanistan's economy on the eve of the fourth five-year plan has advanced little over the last 15 years.

An extremely low rate of economic growth over the past few years has been barely sufficient to offset the growth of population, and though in the absence of a census both population and GNP estimates are little more than guesses, it appears that average annual income per head has remained in the region of £25. While no one starves, many of the people live dangerously close to minimum *subsistence level.*

Each *morning* in Kabul and the other large cities unskilled workers loiter on street corners hoping for a day's casual labour for which they will receive the equivalent of about 15 pence, just enough to buy *three meals* of flat bread, goat's milk, cheese and green tea.

Even highly qualified engineers and administrators, including graduates of foreign universities, are unlikely to earn basic salaries of much more than £10 per month unless they take a second job or can reap unofficial rewards.

Although wages and salaries have remained stable the general price index has risen by about 40 per cent. in two *years, partly as a result of* successive annual budget deficits and partly because rainfall has been unusually low during the *past two winters.*

At government shops bread is subsidised, while private bakeries have met the rocketing cost of wheat by reducing the weight of each loaf from one pound to eight ounces. Mass demon*strations by different factions* against the rising cost of living are almost an everyday sight.

Exchange rate

At the same time the free market exchange rate, which is accepted rather than controlled by the monetary authorities, has *depreciated from* $1 U.S. = 75 afghanis to $1 U.S. = 90 afghanis. However, because of the complicated system of multiple exchange rates in existence, this has not freed the country's balance of payments from difficulties. Afghan exports have failed to keep pace with the demands for imported products and the balance of pay*ments shows a chronic deficit* which can only be met by foreign aid or emergency drawings from the International Monetary Fund.

The political situation has undoubtedly had a retarding effect on the economy. The new parliamentary democracy has, in six years, failed to pass a single law which would help to *improve the country's economic* prospects.

The third plan (1967-71), both in original and revised forms, was never sanctioned by the Parliament because of the provisions it made for increased taxation and for a revision of the archaic and inequitable systems of collecting revenue from land and livestock owners.

Moreover, the Government, through its cumbersome and administratively inadequate Ministries, insists on *interferring in every industrial* enterprise. Private textile plants are hit particularly hard in this respect. The Government tells them what cotton to buy, from whom to buy it and what price to pay. Since in many cases it is also a major customer *of the plants it also tells them* what type of textiles to produce.

This is known as Afghanistan's "mixed-guided" policy of economic development.

The Afghan Textile Company, a semi-official institution, on the other hand, acts as if it were a monopoly, completely ignoring massive competition from other domestic plants or from imported or smuggled fabrics. Stocks pile up—some are over two years old—and it appears that the management is insuffi*ciently sensitive to adapt output* and designs to the prevailing stock situation.

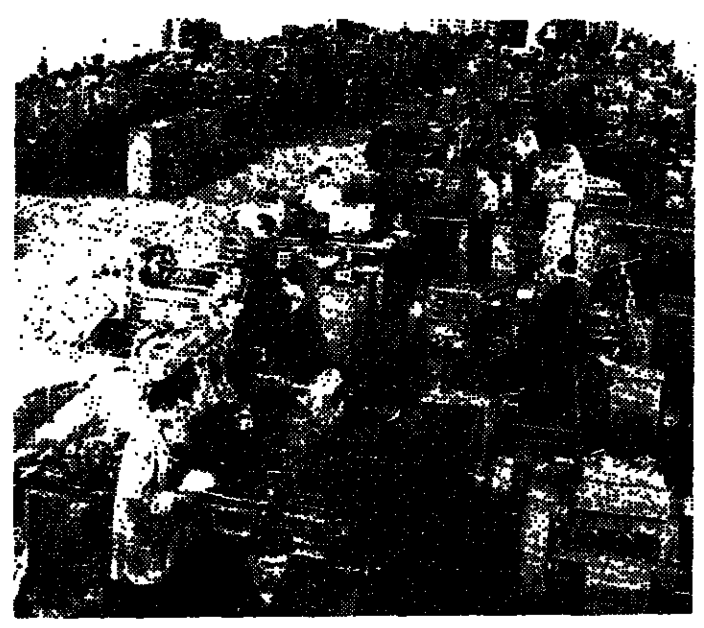
There is no such thing as market research. The company sets up its own stalls in the bazaar to compete with the knowledgeable and experienced textile merchants and finds that it just cannot sell its products.

The banking sector does not *help either. There is, as yet,* no industrial development bank, and the commercial banking system does not appear to be over concerned with attracting deposits. Through a network of overt and hidden relationships each of the three purely-domestic banks persuades the others to maintain the xenophobic and stagnant status quo.

Bank Millie Afghan, the largest bank, is little more than a holding company, with a basic policy consisting of lending *money out of its own reserves* to the companies whose shares it holds.

Useful role

In spite of the difficulties *facing new enterprises* the Private Investment Law of 1967 has played a useful role in per*suading some of the minority groupings in the country to set* up plants. By June, 1971, 151 projects had been approved by the Investment Committee and *53 factories had been built* and were in operation. Over 3,200 news jobs were created, and this has offset, at least partially, the growing number of urban unemployed.



The Jangalak factory, Kabul.

Inevitably, some of the companies were rashly established. Proper advice was often not available and many faced financial difficulties soon after starting operation. Others, it was later discovered, used the generous tax and duty concessions of the investment law to import final products which were then directly sold in the bazaar. Nevertheless, a slow start has been made.

Apart from these new factories what little change there has been in the structure of the economy has taken place in the infrastructure sectors. The first two five-year plans concentrated on roads, airports *and hydro-electric schemes* whose pay-off, even if they are successful, is only in the very long term. Yet many are not successful.

The new international airport at Kandahar, for example, has only one international landing each week. Built as a crossroads for European, Soviet and South-west Asian traffic with South *Asia, it was only later realised* that none of the major airlines had any immediate intention of using this particular crossroads.

But then this is the sad story *of many of Afghanistan's infra*structure projects. Hydro-electric dams with insufficient waterflow to produce the required power: power plants with inadequate transmission lines; irrigation schemes for infertile or rock-strewn lands: new paved highways between places which are still linked by animal transport rather than motor vehicles or for which trade is practically non-existent.

Urban development has been concentrated almost exclusively in Kabul, where rural landowners and rich merchants, in *whose hands an increasing* proportion of the country's wealth is accumulating, have built modern brick and corrugated-iron-roofed houses, mainly with the hope of renting them to foreigners. However, considerable over-investment has taken place, and many of the houses lie vacant.

With little improvement in the system of tax collection, Government revenues have stagnated in recent years. Over 40 per cent. of the ordinary budget is inviolable; it is devoted to military and security expenditure, albeit to quell internal insurrections rather than to be used against any external foe.

Apart from civil servants' salaries and substantial foreign debt service, the rest of the meagre budget is divided out *among poorly-equipped* and inadequately-staffed schools and hospitals, which are fighting losing battles to improve the 5 per cent. *literacy rate,* the spread of annual cholera, influenza and malaria epidemics, and the extremely high rate of infant mortality—over 40 per cent. of children die before the age of five.

Shackles of poverty

The planners and their advisers realise that Afghanistan's last hopes of freeing itself from the shackles of poverty rest with the fourth Five-Year Plan, due to start next March. Already the disillusionment spread by the failure of three previous plans to improve standards of living and the mounting debt service of the funds borrowed for these three plans are adversely affecting the nation's will to develop.

For the new plan a new strategy is being drawn up with much greater emphasis on directly productive investments than before. Further large-scale projects, particularly in the agricultural sector, will probably be postponed, while rural works and extension programmes, including low-cost irrigation schemes and community development activities, will be encouraged.

Prospects for the rapid development of the economy are, however, poor. It will take many decades to pay for the wasted years, and some significant successes to dispel the present aura of frustration which almost perpetual poverty has induced.

Political system still unsatisfactory

By NEVILLE MAXWELL

Like verbal Muzak, the sound of Afghanistan's new but already faltering democracy filled the air through most of July. Through loudspeakers at Kabul airport and other public places, on taxi radios and the ubiquitous transistor portables, the voices of the country's legislators droned on, day after day, *week after week.* A new Government having submitted its platform and Cabinet for approval the Wolesi Jirga (lower house of the *Shura,* or *Parliament*) *was exacting* its toll of air-time to rebuke the previous Government, admonish the next, and vent opinions on subjects of concern to themselves or their constituents.

That the proposed Government of Dr. Zahir would duly get its vote of confidence was never in doubt, but the long-*drawn out process* by which this was achieved was an ominous indication that in its relations with the legislature the new *Government would be no* different from its four predecessors under the present constitution.

This constitution was promulgated in 1964, after it had been ratified, clause by clause, by a special assembly of tribal and urban leaders, the *Loe Jirga.* It sought to carry Afghanistan from its accustomed forms of monarchical autocracy into the promised land of parliamentary democracy, with King Muhammed Zahir stepping back from absolutism into the wings as a constitutional monarch. In the mid-1960s it all looked very promising, the confident en*thusiasm of the Afghan intelli*gentsia to whom the King had entrusted the task of drawing up a constitution was contagious. But if three years ago one could write that Afghanistan's experiment in constitutional democracy had run into a difficult phase, now it has begun to appear that the difficulties are chronic, even perhaps congenital and there is *reason to suspect* that they may be incurable.

Legislative arm

On the surface, Afghanistan's political malaise can be seen as a bad *case of that derangement* of powers in which the legislative arm encroaches on and ultimately paralyses the executive. The Constitution provides for an almost complete separation of the executive and legislative arms, and the potential for executive / legislative polarity inherent in this arrangement is intensified by the fact that at present Afghanistan has no political parties. In consequence, the Government must find *ad hoc* support for every measure it puts forward, and there can be no expectation reflecting a standing Government majority, that its programmes can be implemented. In these circumstances, the legislature as a whole has tended to become the opposition, obstructing Government *proposals on principle, while* sometimes the Government has simply refused to execute measures passed by the Shura.

Nomads in the desert.

The achievement of a quorum has become almost a rarity, and even budgets have been passed *tardily, long after the due date.*

The result of this has been that five years of experimental democracy have left a sense of stagnation and frustration against which the previous decade, under the effective but *stifling and repressively auto*cratic prime ministership of the King's cousin Sardar Daoud, has began to look nostalgically attractive. The growing feeling might be summed up as "Better one-man government than many men's non-government."

If that view is to be heard at large, those who have studied Afghanistan's democratic experiment closely, whether as practitioners or as diplomatic observers, are more likely to put forward a different diagnosis, not that the country has had too much of democracy, but that it has not had enough. The paradox focuses on the role of the King himself, and the *nub of this diagnosis,* often explicitly critical of the King, is that he himself has crippled the experiment he launched.

In its milder formulation, the diagnosis is that the King has been over-cautious in two ways. First, submitting the Bill which will legalise political parties to a prolonged debate has deprived the parliamentary *system of the essential fuel* and lubricant it requires. It is plain that the introduction of a party system *will bring fresh* problems. Tribal, linguistic and racial aspirations and antipathies make natural rallying *points for political alignments,* and parties formed on such foundations could bring a mounting strain against the fragile sense of Afghan nationhood. But the party system is nevertheless the *sine qua non* for the effective operation of the constitutional system whose introduction the King encouraged, and in avoiding the legalisation of parties the King has done much to abort his experiment.

A parallel complaint is that, while retaining the reality of power and leaving the Government with shadowed and handi*capped responsibility, the King* has consistently failed to give any lead since the parliamentary system was introduced. Given open or even clear indications of the King's support to Government measures, the Shura would be almost bound to pass them as the loyalist spirit is still strong there. On the contrary, although of course every government so far formed has been of King's men (the King nominates the Prime Minister), the King, so far from supporting Government, has left it to battle alone against the hostile legislature, and all too often sacrificed his Prime Ministers to the legislature at the point of collision. *The Government of Mr.* Etamardi fell this spring because the Prime Minister refused to surrender to total legislative nomination, and the King lifted no finger to save him.

Bitter hindsight

It was a key point of the constitution that no member of *the Royal Family was to hold* Government office, or stand for election and this was seen as the demonstration of the King's sincerity. But there are those in Kabul's political circles now who, with bitter hindsight, see that article as aimed deliberately at excluding Sardar Daoud, for the benefit of the King rather than of the country, and who point out that the Royal Family has been able to confirm its social power in the past few years, and who see royal fingers in every lucrative commercial and industrial pie in Afghanistan.

In short, it is the King, rather than any *inherent flaws in the* system, who is beginning to be blamed for its evident failures. This analysis in all probability *goes too far in* ascribing ulterior motives to the King, but that since the original initiative the King's attitude has been a dead hand on the system cannot be denied. Like his predecessors, Dr. Zahir, the new Prime Minister, is a King's man, of course, but there are those in Kabul who believe that the only hope for the system—short *of a change in the King's* approach—is that Dr. Zahir and his colleagues will embark on their own confrontation with the King. There could be no better place to start than by making his support for the speedy pass*ing of the Political Parties Act* a matter upon which the Government would immediately resign.

Short of some such drastic change of course, Afghanistan's embryonic parliamentary forms seem bound to sputter on into irrelevance until they are violently discarded.

AFGHANISTAN III

New finance badly needed

By JULIAN BHARIER

Afghanistan is likely to ask its major creditors for a moratorium on foreign debt service payments for the period of the Fourth Plan. At the same time the country is seeking new sources of grants and soft loans to meet development expenditures over the next five years.

The sorry state of the external account can be starkly illustrated by the fact that annual debt service payments now amount to 30 per cent. of export earnings and, unless a moratorium is held, will rise to 40 per cent. over the next five years.

Optimists in the Ministry of Planning like to add a rider that if one excludes the Russian debt on the grounds that it is self-liquidating because of sales of Afghan natural gas to the Soviet Union, the debt service ratio is only 16 per cent. But pessimists look at recent reports on the lowering of gas pressure in the Shibergan gas fields and have already approached the 16-member Gosplan team now in Kabul with proposals for a rescheduling of debt payments.

The Russians are almost certain to agree to this. Of the total outstanding debt last year of $475m., 75 per cent. was to the Soviet Union, which is unlikely to want to put heavy pressure on Afghanistan. Russia will not have forgotten that the three-year moratorium granted from 1965-67 reaped considerable political advantage in the country. And the Americans, to whom a large proportion of the remaining debt is owed, will have to follow suit.

Aid figure

Over the last decade about $650m. has been received in foreign loans and grants, plus about $20m. each year in technical assistance. If the population is taken as 10m.—much lower than the official estimate of 16m. but certainly nearer the true mark—this gives an aid figure of about $8 per person per year, high by international standards but still apparently insufficient to raise standards of living.

It must be noted, however, that the aid donors themselves have been less interested in real economic development than in large, identifiable and politically prestigious projects, and that, with a few notable but powerless exceptions, foreign experts have been of a generally low standard.

With little or no domestic resources to spare for future development, Afghanistan must still look abroad for funds. The Americans and Russians are committed to further aid and China, Czechoslovakia, Germany and Japan may also give more than they have previously given.

But the country now pins its real hopes on the international organisations.

The World Bank, which has a resident representative in Kabul, but has only made three small loans so far, is likely to step up assistance to about $15-20m. each year over the next five years. The Asian Development Bank has given its first loan to Afghanistan and will soon give more. And the various United Nations agencies have promised a higher level of assistance.

Foreign aid is, of course, only a palliative for the balance of payments. The real problem is to get a closer relationship between visible and invisible imports and exports.

While the value of Afghanistan's officially-registered non-project imports has been increasing at 3.5 per cent. per year over the Third Plan period, exports (excluding natural gas) have increased at only 2.8 per cent. The difference is much higher when smuggled goods, development project imports and the undervaluation of imports is taken into account.

Losses of revenue to the Government from smuggling are substantial. An estimated 1m. live animals are smuggled into Iran each year, while the smuggled traffic across the Pakistan border, including an annual estimated 500,000 karakul pelts for shipment to Europe and the United States, is probably greater than the registered traffic. Furthermore, importing merchants are now expert at lowering declared values to avoid payment of customs duty.

The future of the export trade is not bright. During the past five years 77 per cent. of exports consisted of primary products, with karakul skins, raw cotton, fruit and wool being the major items.

The world market for karakul is not expanding rapidly and competition is vigorous from South West Africa and the Soviet Union. Afghanistan will be fortunate to keep its present share of the market in the coming years, particularly as there is now a growing tendency of Afghan sheep-owners to produce lambs for meat rather than karakul as domestic meat prices rise.

A similar situation applies to cotton. Farmers are shifting from cotton into wheat as wheat prices soar in the urban centres of population.

Dried and fresh fruits are, perhaps, the greatest potential exchange earners at present, despite the decimation of the harvest during the past two years owing to adverse climatic conditions. Even so, packing and transport facilities must be vastly improved if recent rates of increase are to be maintained.

One of the aims of the Private Investment Law was to encourage import substitution. In this it was successful to the extent that some textile and vegetable oil plants were established. For the rest, however, new factories tended to be based on an assembly system with few plans for backward- or forward-linked industries. Thus they have saved little foreign exchange.

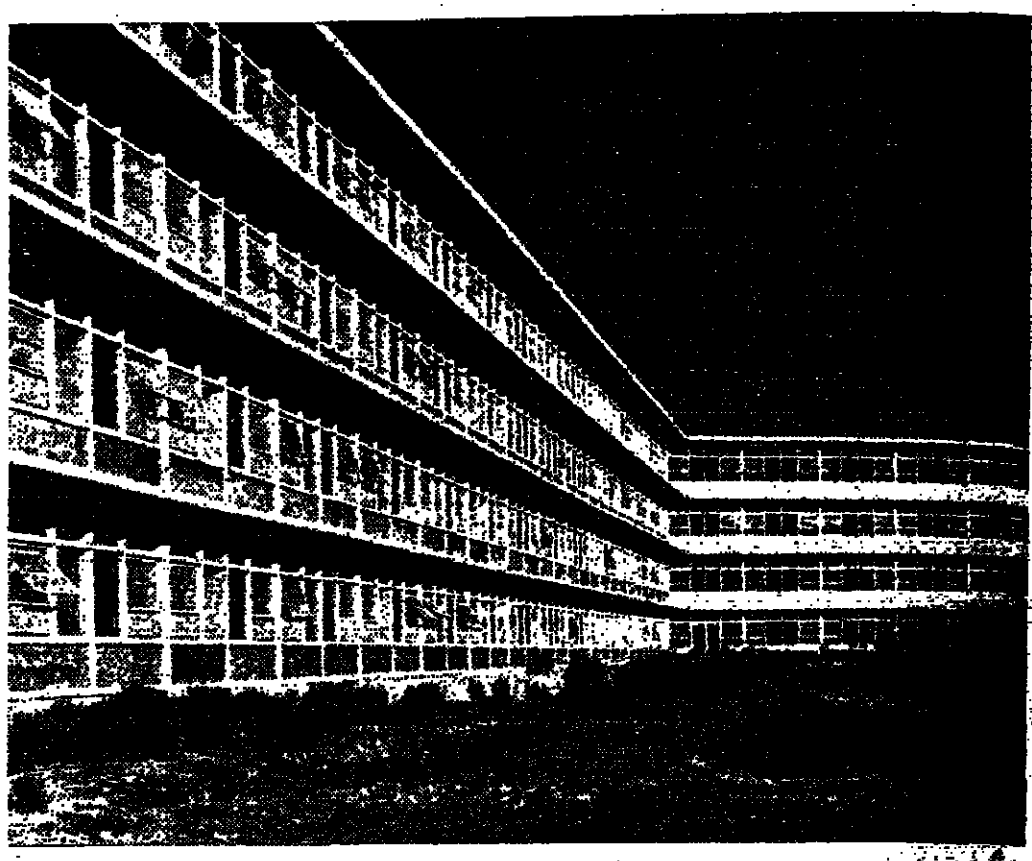
On the side of invisible trade Afghanistan hopes to build up its tourist industry. The Government feels that by excluding private enterprise as much as possible and concentrating resources on the state-run Afghan Tourist Organisation it will be able to cater for an increasing number of foreign visitors.

Over the odds

The Afghan Tourist Organisation, however, charges twice or three times as much for its taxis and tours compared with perfectly adequate local taxis and it charges well over the odds for food. (The price of a pot of Afghantour tea is 11 times the price in a teahouse!).

Expenditure by tourists rose from $2m. in 1967 to $7m. last year, but it is felt that it is likely that this may tail off shortly. Major hotels, at the moment are only 40 per cent. filled at peak times.

A detailed study of the balance of payments is made extremely difficult by the fact that payments in convertible currencies and in bilateral accounting units are made through two separate exchange markets, each with its own multiple rate structure. It is certain, however, that a final cure for the chronic exchange difficulties cannot be expected in the foreseeable future.



Kabul University.

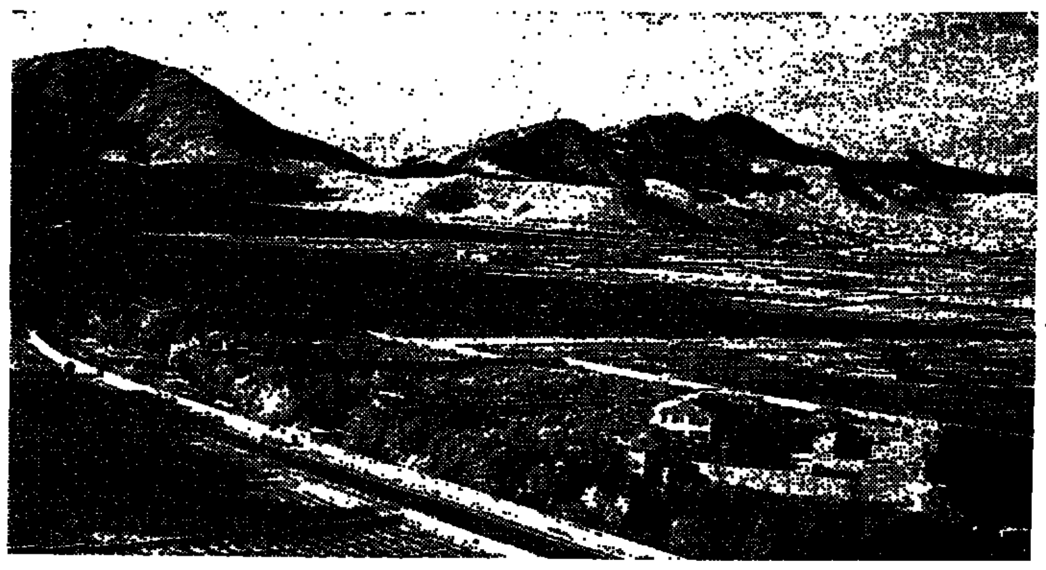
Lowering the horizons for agriculture

By a Correspondent

Afghanistan's agricultural planners have suddenly turned with great interest and hope to the unheralded success of an eight-year-old German project in Paktia province. Many now regard it as the prototype of future development schemes for the country's stagnant agricultural sector, and the beginning of a gradual movement away from large-scale capital-intensive irrigation works.

The Paktia project has four important features. It relies on extension workers to instill in farmers methods of increasing productivity; it uses very little capital equipment; it ensures that the foreign advisers work in the fields rather than behind office desks: and it is independent of the Government's cumbersome control mechanisms.

About 40 German advisers and peace corps volunteers train local extension workers, encourage the construction of small dams and simple flood control structures—about 90 dams have been built so far and a further 3,000 are planned for the next three years—and distribute wheat as payment for rural community development works.



The country near Kabul, as seen from the Summer Palace.

The results have been impressive. Paktia province was one of the poorest in the country, but now farmers' incomes are rising relative to those in other provinces. The Government looks askance at this project, which contains no "show-piece" construction. It cannot or will not find Afghan counterparts to work with, and eventually replace, the German advisers. Nevertheless, the project remains the only bright spot in an otherwise dismal overall agricultural performance, and will probably be extended to about 12 more provinces during the Fourth Plan if sufficient personnel are available.

In the past five years production of rice, wheat and corn has shown no increase. The area under these products has remained stable and there has been no improvement in yields. The growing shortfall in wheat supply is particularly problematical. It is estimated that it will reach 200,000 tons this year, double the figure for 1967 and equivalent to about 8 per cent. of domestic production.

Production of fruits, vegetables, sugar beet and sugar cane has similarly stayed constant. Only cotton production has risen, from 70,000 tons in 1967 to about 90,000 tons this year, mainly as a result of increases in prices paid by ginning companies.

Realistic plan

Provisional targets for the agricultural sector during the fourth plan (1972-76) call for an overall percentage increase of 25 per cent. for all crops, with industrial crops (cotton, sugar beet and oilseeds) increasing by 45-60 per cent. On recent experience these targets cannot be taken seriously, and will have to be drastically reduced if the planners want to produce a realistic plan.

Much of the blame for the present plight of agriculture must lie with the excessive emphasis placed on expansive and expensive river valley projects during the past 20 years, and with the constant interference by the Government in agricultural prices and practices.

The catalogue of errors and disasters which comprise the story of the U.S.-assisted Helmand-Arghandab Valley Project is massive. It includes basic problems of salt-encrustation and inadequate water-flow, programmes to settle nomads who did not want to settle and were, in any case, inexperienced farmers, shortages of advisory and counterpart personnel, and gross underestimation of costs.

Many of these difficulties are gradually being overcome, but each year seems to bring new ones. This year, after the introduction of Mexipak and similar new, high-yielding varieties of wheat on about 10 per cent. of the water-command area, the problem is birds.

Migratory flows

In previous years the annual migratory flows of birds used to hit the Helmand area before and after the domestic strains of wheat were ripe, and could cause little damage. Now, with the new strains ripening faster the birds arrive to find an unexpectedly pleasant meal awaiting them. About 90 per cent. of the new wheat crop has been lost, the bird population has been strengthened and many farmers have vowed to return to traditional wheat varieties next year.

But if Helmand is the millstone around the neck of the Americans, the Nangahar Valley is the problem child of the Russians. After joining this project they found that the land was inundated with rocks and that the topsoil was poor. Consequently, at enormous cost, they have had to transport topsoil into the area from nearby river beds.

Both Helmand and Nangahar were originally seen as the saviours of the agricultural sector. Now it is only a matter of international rivalry and prestige which keeps the Americans and Russians at their thankless tasks.

The Government keeps a tight rein on all agricultural activities at the national, provincial and village levels. It attempts to control sales, prices and marketing margins of most products and inputs. However, because of bureaucratic delays this has caused considerable frustration to farmers. A leading expert on Afghan agriculture considers non-interference by the Government to be of top priority for the achievement of the Fourth Plan agricultural targets.

One nettle that neither the Afghan Government nor its foreign advisers seem prepared to grasp is the problem of land tenure. Indeed, it appears that some of the improvements that have been made (in parts of Helmand, for example) have served only to line the pockets of already rich land owners in the area.

The average size of farm holding over the country is 3.5 hectares, with 85 per cent. of the total number of holdings being under 4.0 hectares. A considerable proportion of these holdings, particularly in the more fertile areas, are worked by tenants who have little incentive to make improvements or by owner-operators who have little surplus income to finance them. No serious thought has been given to the possibility of land reform.

Credit facilities for farmers are in an elementary stage. But the Agricultural Development Bank, which until recently did little to deserve its name, has recently received a boosting loan from the World Bank and may now start to play a more important role.

Local level

Also under way is a project named PACCA (Project Assistance for Credit and Co-operatives in Afghanistan) which, on a small scale so far, attempts to integrate agricultural development at the local level. This, too, is likely to be extended if personnel are available.

Little, however, is likely to be done for the improvement of livestock production. Many of the larger livestock owners (particularly sheep herders) are proudly independent and nomadic tribesmen who are almost beyond the influence of the planners. And, in any case, unusually heavy livestock losses during the past two years of drought will take many years to make up.

With agriculture accounting for over half the gross domestic product and employing about 80 per cent. of the working population, it is clear that progress in the economy as a whole rests on improvements in crop production. But such progress will not be achieved unless the Government accepts that it must forgo prestigious projects, encourage, rather than restrict, small-scale irrigation and extension schemes, and interfere less in the daily lives of farmers.

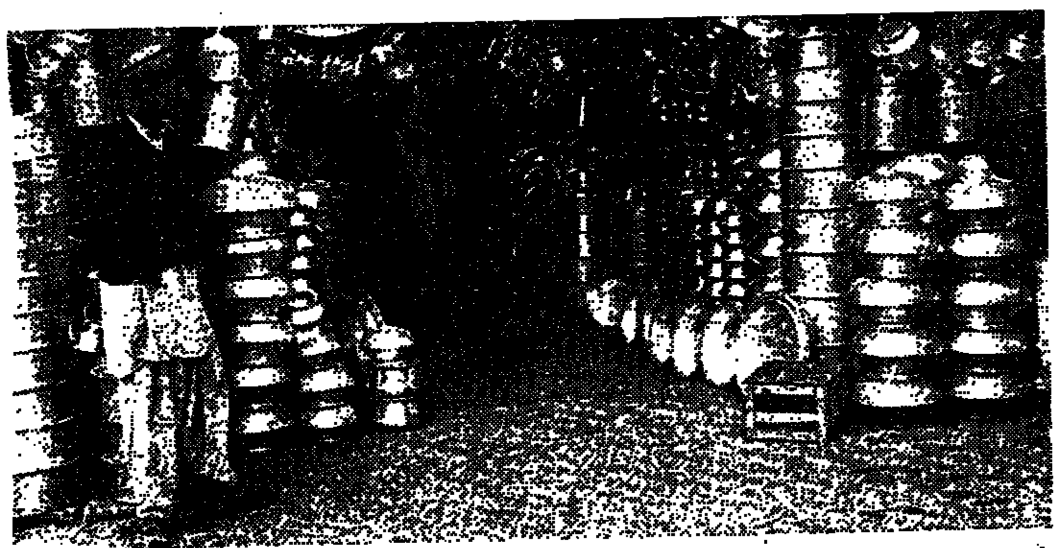
هكذا من الأصل

Above left: Digging an underground water channel, or qanat.
Right: Highly decorated modern trucks on the road between Kabul and Kandahar.

Rich side-stream of tourists

By NEVILLE MAXWELL

Always a crossroad, Afghanistan has never been a busier one than it is now. To-day's Golden Hordes are less numerous than Genghis Khan's, but more regular in their visitations, less destructive, but by no means without their destabilising impact on the still highly conservative Afghan society, perhaps as irresistible, but anyway welcomed, even courted. The number of tourists visiting Afghanistan increased tenfold in the 1960s, to reach 45,000 in 1968, and since then has trebled again, so that the number this year is expected to fall not far short of 150,000.



Hardware stall in the centre of Kabul.

Few restrictions

Nearly half of these come from Pakistan, for the shopping—there are few restrictions on imports into Afghanistan—and to see Indian films, banned in their own country. The remainder come from far and wide, with Britain and the U.S. providing the biggest contingent and the Europeans next in line of march. Afghanistan is not on one of the world's main tourist routes (and the white-elephant airport at Kandahar is a monument to lost hopes in that regard) but it has succeeded in attracting a lucrative side-stream of traffic. Last year, according to the Afghan Tourist Bureau's calculations, tourists spent some £8m. in the country.

A substantial proportion of the visitors come on the overland route, many travelling by car, caravan or sleeper-van, from the Antipodes, and others, by wheel or by thumb, are following the hippy-trail that leads from the frustrations of the Occident via Kabul to Katmandu and, presumably, thence to Shangri La. The fields of poppy tended outside many of Afghanistan's tribal villages are one of the lures to some of these youngsters—and the good quality, cheap hashish available in the bazaars and serais of Afghanistan. The drop-outs and the addicts pose a problem for the Afghan Government, and there are periodic demands for curbs on the entry of hippies, but the Tourist Bureau resists such steps, arguing that this would also affect the welcome stream of young people who may look like hippies but are in fact passing through like any other tourist.

Kabul is still the main attraction, and the great number of hotels sprung up in the past few years testifies to the profitability of the trade. They range from the luxurious—and extremely expensive—Intercontinental, perched on a breezy hill a few miles from and dramatically overlooking the city, to cheap, and sometimes sleezy, guest-houses converted from private dwellings in and near the bazaar quarter of the old city.

But, apart from the impact of the city itself, and its polyglot and infinitely various population, the main tourist attractions of Afghanistan are distant from the capital, notably the magnificent Bamiyan Valley, with its huge Buddha figures cut into the cliff-face. In spite of the immense improvement Russian and American aid has brought to Afghanistan's roads, this is still a six-hour drive from Kabul, but in the past few years an internal air-line has been started, flying Canadian or Russian aircraft taking a dozen passengers. On these the more hurried tourist can see the Bamiyan Valley and return to Kabul the same day.

A new hotel is planned at Bamiyan but the present arrangements must be more attractive to many. The Tourist Bureau has set up a sort of cabin camp, using the yurts, or felt tents of the Mongols, as suites for visitors, and achieved a high level of comfort which is still a far cry from the homogenised appeal of most modern hotels. There are windows in these yurts, and bathrooms attached, and other refinements unknown to the Mongols and other nomads who still use them, but the essential form is retained.

Popular route

Another popular tourist route inside Afganistan follows the highway Russians built through the Hindu Kush, pierced near the crest of the Salang Pass with a tunnel, and then descending to the valley of the Oxus beyond. Those with more time, and stronger vehicles, can get permission to travel the Wakhan Strip, that elongated peninsula of Afghan territory drawn out by the British and Russians in the late 19th century to keep their own frontiers apart, which is an area of wildly beautiful country of much interest both to archaeologists and ethnologists.

Afghanistan is no longer without the usual, and often trite, recourses for the tourist— there are swimming pools (bikinis where only a few years ago a woman might be stoned for not wearing a burqa), and even night clubs; one of these, a hideous construction, by Disney Land out of Sunset Strip, is just being completed right opposite Kabul's main mosque, the protests of the mullahs being overriden. But the country's real charm lies quite elsewhere, in its harsh and tawny hills, and the brilliant valleys that intersect them, glistening with rivulets, in its people, and in the monuments and remains of the other peoples who have passed this way. It is these that will, it seems, keep the numbers of tourists making a stop here increasing steadily for some time to come, to the marked benefit of the country's strained exchequer, and of the traditional handicraft industries, producing such goods as sheepskin coats, which have been quickened and nourished in the past few years.

New success in karakul trade

By IVY M. SHARP, Fur Market Correspondent

The Afghan karakul (Persian-lamb) plays a very important part in London's fur auctions. Each year some 1.7m. skins are sold under the hammer to buyers from all the fur-consuming countries of the world. To-day's Afghan skins are well-presented and meet the stringent, but volatile, demands of the fashion industry, as far as colour and curl are concerned, and have the general appearance of being a sophisticated commodity for a sophisticated society. They also contribute more than $15m. hard currency to the Afghan exchequer. In fact, so important is the karakul to the Afghanistan economy that in 1968, the Government issued a new postage stamp bearing a picture of the karakul lamb.

It is estimated that roughly a third of Afghanistan's 17m. people are nomads whose time is spent harvesting sparse crops in the occasional fertile valley and culling Karakul lambs that graze on the hillsides.

Karakul played a relatively important part even in the early days of developing trade after Afghanistan became independent in 1918. Ill-assorted, badly handled, extremely small pelts filtered through to the consumer markets via Karachi. They were mostly tight curled black skins and their attraction was very limited. For half a century the quality of the merchandise changed little, although by 1935 the Hudson's Bay Company was offering these skins by auction. After the initial interest, the response was discouraging and gradually demand dropped—as did the prices obtained for the pelts.

Then in July, 1966, the Afghan Karakul Institute came into existence and from that point onwards, the Afghan Karakul's star has been in the ascendency. A new sorting station outside Kabul was put up, financed by the Institute itself and situated near the new airport: dust-removing machinery was installed, along with other modern items of equipment; the shepherds were taught scientific breeding, so that their produce met the world's requirements and gradually the Eastern bazaar attitude to marketing was replaced by modern trading methods. In consequence, nearly 70 per cent. of the crop is grey coloured and the balance black, instead of the reverse situation. Furthermore the crop now includes more than 100,000 fine chaqmaqi curl, when previously only negligible quantities of this type were produced. These changes alone have earned over $4m. extra income for Afghanistan during the past two seasons.

Water shortage

In the past, the skins were washed in pools of stagnant water, the mud getting thicker as the leather of up to 1m. pelts was scraped in it, for in Afghanistan water is at a premium. The skins were then taken by donkey to quassing centres where they were cured. Quassy is a meal, salt and water mixture prepared in a camel hide into which batches of 50 Karakul skins are immersed for a day and a-half, the consistency varying according to the mood of the minder. They are eventually laid out in the sun, stretched into a reasonable shape and left to dry, prior to being wrapped in goatskins and shipped to the Hudson's Bay Company either in London or New York.

In the not too distant past it could take several months for the skins to reach one of these points of sale as they were transported via truck to North Afghanistan, by barge to Russia, train to Leningrad and by sea to London and the U.S. This meant that pelts could be up to a year old before they were marketed.

To-day, the skins are scientifically sorted and air-freighted to their destination, the whole operation taking as many days as previously it had taken months.

In the last stages of the five-year plan, a curing station in Mazar-I-Sharif, established by the Afghan Karakul Institute, is being built with its own artesian well, laboratory and offices. This is expected to be operational next year. Add to this, modern ranching and pasture developments, an increasing range of natural coloured Karakul pelts brought about by a knowledge of genetics and selective breeding and you have the answer for the Afghan Karakul's success.

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Labour News

UCS issue 'one for all unions'

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, August 16.

MR. VICTOR FEATHER, general secretary of the Trades Union Congress, made it abundantly clear here to-day that the Upper Clyde issue was one for the whole union movement.

As far as he was concerned, "Scotland begins at Land's End and England ends at John O'Groats; we'll continue to speak as one movement in spite of regional problems and regional differences," he told the special congress called by the Scottish TUC to discuss unemployment.

Mr. Feather, who was outlining the TUC plan for a Clydeside development authority, rejected the "cart horse image" of the TUC. "We shall be moving a damned sight faster than many of our critics," he told the 330 delegates.

The time-table of action depended on to-morrow's talks here between the TUC's Economic Committee and representatives of the Confederation of Shipbuilding and Engineering Unions, the STUC General council and the shop stewards. "If, as I hope, we reach agreement on the proposals, we'll lose no time in pressing them on the Government."

Mr. Feather will also discuss the proposals for an authority one of whose first tasks would be to take over UCS and seek new orders to maintain employment "at approximately the present level for the immediate future," with local authorities and the Scottish Council (Development and Industry). He stressed they offered Clydeside a future "which implementation of the Government proposals would not."

Public inquiry

During the 4½-hour discussion Mr. James Jack, general secretary of the STUC, announced the holding of a three-day public inquiry into the UCS affair, starting at Clydebank on September 1.

It will be conducted by Professor Raymond Illsley, of Aberdeen University, with one assessor each from the Management and unions. The Government, among others, will be invited to submit evidence.

The Association of Scientific, Technical and Managerial Staffs and the Technical and Supervisory Section of the engineering union have followed the example of the clerical workers in promising disputes benefits to redundant workers who elect to stay put as part of the UCS "work in."

Vote at Swan Hunter

BY OUR OWN CORRESPONDENT

SOUTH SHIELDS, August 16.

A MASS MEETING of the 3,830 boilermakers in the Swan Hunter shipbuilding yards on the Tyne is to be held at Hebburn on Saturday to vote on new bonus proposals. It is hoped that this will settle pay grievances, but Mr. Dan McGarvey, the boilermakers' president, admitted at the end of a 2½-hour meeting with shop stewards at Wallsend to-day that "everything was still in the melting pot."

The Swan Hunter yards reopened to-day after being closed by a two-week strike of ancillary workers. Some of the boilermakers were threatening to impose work restrictions on their return to show their dissatisfaction with the progress of their pay talks.

But Mr. McGarvey got together yesterday with Mr. Tom McIver, deputy chairman of the consortium, and five hours of talking produced a formula to allow negotiations to go ahead.

It was this new formula which was put to the shop stewards' meeting to-day by Mr. McGarvey and Mr. John Hepplewhite, the Tyne area member on the union executive. It was evident that they had a hard time to put their views across to some of the men. In the end, however, the stewards accepted the formula by a five-to-one majority.

Meanwhile officials of the Tyne district committee of the Confederation of Shipbuilding and Engineering Unions met in Newcastle to consider the feasibility of applying a common wages policy in Tyne shipyards.

Austin-Morris flat rate talks

TALKS which could lead to the acceptance of measured day work throughout the Austin-Morris complex at Cowley are now under way. They cover the 1,000 men in the car body plant who are now the only production workers in the complex whose pay is still based on piecework.

World Value of the Pound

As a result of the closing of the foreign exchange markets in London and other centres yesterday, the rates in the table below are the latest available at August 13, 1971. Market rates are the average of buying and selling rates except where they are shown to be selling rates only. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchanges in the U.K. and most of the countries listed are officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area; (O) official rate; (F) free rate; (T) tourist rate; (n/c) non-commercial rate; (n.a.) not available; (B) banker's rate; (Br.) broker's rate; (A) approximate rate, no direct quotation available; (sg) selling rate; (nom.) nominal.

Place	Local Unit(s)	Value of £ Sterling
Afghanistan	Afghani	220
Albania	Lek	12 (O) / 50 (T)
Algeria	Dinar	11.82½ (sg)
Andorra	French Franc	13.55½
	Spanish Peseta	168.10
Angola	Ang. Escudo	68.75
Antigua (S)	E. Caribbean $	4.80
Argentina	Ar. Peso	11.574
Australia (S)	Australian $	2.1471½
Austria	Schilling	60.25
Azores	Portug. Escudo	68.75
Bahamas (S)	Ba Dollar	2.41
Bahrein (S)	Dinar	1.142
Balearic Is.	Spa. Peseta	168.10
Barbados (S)	E. Caribbean $	4.80
Belgium	B. Franc	120.05
Bermuda (S)	Bda. $ §§	2.4
Bhutan	Indian Rupee	18.04
Bolivia	Bolivian Peso	28.12½
Botswana (S)	S.A. Rand	1.718
Brazil	Cruzeiro	13.02½♠
Br. Hond's (S)	Br. Hdrs. $	4.0
Br. Solomon Is (S)	Australian $	2.1471½
Br. Virgin Is (S)	U.S. $	2.41 7/16
♠♠Brunei (S)	Brunei $	7.36875
Bulgaria	Lev	2.81 (O) / 4.8 (T)
Burma	Kyat	11.4286♣♣
Burundi	Burundi Franc	210.09 / 220 (F)
Cambodia	Riel	155 (sg)
Cameroon Rp	C.F.A. Franc	666¾
Canada	Canadian $	2.44 [illegible]
Canary Is.	Spanish Peseta	168.10
Cape Verde Is.	Cape V. Escudo	68.75
Ceylon (S)	Ceylon Rupee	14.256♦♦
Chile	C. Escudo (nom)	29.65 (B) / 67.75 (Br.)
China	Yuan	5.908
Colombia	C. Peso	47 (F)Φ
Congo Ex Belg	Zaire	††1.20102
Costa Rica	Colon	15.924
Cuba	Cuban Peso	2.41 7/16
Cyprus (S)	Cyprus £	1.0
Czechoslov'kia	Koruna	17.28 (O)† / 38.745 (T)
Dahomey	C.F.A. Franc	666¾
Denmark	Danish Krone	18.12
Djibouti	Djibouti Franc	508 (sg)
Dominica (S)	E. Caribbean $	4.80
Domin. Rep.	Dominican Peso	2.41 7/16
Ecuador	Sucre	(O) n.a. ¢¢ / 60 (F) nom
Egypt	Egyptian £	1.048 (A)
Eritrea	Ethiopian $	6
Ethiopia	Ethiopian $	6
Eq't'l Guinea	Peseta	168.10
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	18.12
Fiji Is. (S)	Fiji $	2.09¾
Finland	Markka	10.08
Formosa	New Taiwan $	96.24
France	French Franc	13.55½
Fr. C'tyin Af♦	C.F.A. Franc	666¾
Fr. Guiana	Local Franc	13.55½
Fr. Pac. Is.	C.F.P. Franc	242.45
Gambia (S)	Dalasi Δ	5.0
Germany (East)	Ostmark	10.01
Germany (West)	Deutschemark	8.19¾
Ghana (S)	Cedi	2.45
Gibraltar (S)	Gibraltar £	1.0
Gilbert & Ellice Is. (S)	Aust. Dollar	2.1471½

Place	Local Unit(s)	Value of £ Sterling
Greece	Drachma	72⅜
Greenland	Danish Krone	18.12
Grenada (S)	E. Carribean $	4.80
Guadaloupe	Local Franc	13.55½
Guam	U.S. $	2.41 7/16
Guatemala	Quetzal	2.41 7/16
Guinea	Guinea Franc	596
Guyana	Guayanan $	4.80
Haiti	Gourde	12.09 [illegible]
Honduras Rep	Lempira	4.83⅞
Hong Kong (S)	H.K.$	14.572♥♥
Hungary	Forint	28.18 (O) / 72 (T)
Iceland (S)	I. Krona	212.65 (A)
India (S)	Ind. Rupee	18.04
Indonesia	Rupiah	907.2‡
Iran	Rial	184.7
Iraq	Iraq Dinar	0.857
Irish Rep. (S)	Irish £	1.00
Israel	Israel £	8.40
Italy	Lira	1,501¼
Ivory Coast	C.F.A. Franc	666¾
Jamaica (S)	Jamaica Dollar	2.00
Japan	Yen	864½
Jordan (S)	Jdn. Dinar	0.862
Kenya (S)	Ken Shilling	17.17⅜
Korea (Nth)	Won	6.17
Korea (Sth)	Won	897.22
Kuwait (S)	Kuwait Dinar	0.85715
Laos	Kip	578 (O)** / 1,200 (F)
Lebanon	Lebanese £	7.85
Lesotho (S)	S. Afn. Rand	1.718
Liberia	Liberian $	2.41 7/16
Libya (S)	Libyan £	0.857
Liecht'nst'n	Swiss Franc	9.82¼
Luxembourg	Lux. Franc	120.05
Macao	Pataca	14.41
Madeira	Portug'se escudo	68.75
Malagasy Rp.	MG Franc	666¾
Malawi (S)	●Kwacha	1.996
♠♠Malaysia (S)	Malaysian $	7.36875
Maldive Is. (S)	Mal. Rupee	11.40
Mali Rp.	Mali Franc	1,333½
Malta (S)	Maltese £	1
Martinique	Local Franc	13.55½
Mauritania	C.F.A. Franc	666¾
Mauritius (S)	Maur. Rupee	13.55
Mexico	Mexican Peso	30.20
Miquelon	C.F.A. Franc	666¾
Monaco	French Franc	13.55½
Mongolia	Tugrik	9.60 (O) / 14.40 (T)
Montserrat (S)	E. Caribbean	4.80
Morocco	Dirham	12.08
Mozambique	Moz. Escudo	68.75
Muscat & Oman (S)	¶ Rial Saidi	1
Nauru Is.	Aust. Dollar	2.1471½
Nepal	Nepalese Rupee	24.3015
Netherlands	Guilder	8.37
Netherlands Guiana	Surinam Guilder	4.44
Neth. W. Ind.	Antillian Guild.	4.44
New Guinea (S)	Aust. Dollar	2.1471½
New Hebrides	Franc	215.52
	Aust. Dollar	2.1471½
N. Zealand (S)	N.Z. Dollar	2.1429½
Nicaragua	Cordoba	16.98½
Niger Rp.	C.F.A. Franc	666¾
Nigeria (S)	Nigerian £	0.85712
Norway	Nrwg Krone	17.17⅜
Pakistan (S)	Pkn. Rupee	8.75♥
Panama	Balboa	2.41 7/16
Panama Canal Zone	U.S. $	2.41 7/16
Papua (S)	Aust. Dollar	2.1471½

Place	Local Unit(s)	Value of £ Sterling
Paraguay	Guarani	301½ (F)
People's Dem Rep. of Yemen	S. Yemen Dinar	1.0
Peru	Sol	105 (F) nom
Philippines	Ph Peso	15.56¾
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	2.1428½
Poland	Zloty	9.6 / ΔΔ57.6 (T)
Portugal	Pgse Escudo	68.75
Port Guinea	Guinea Escudo	68.75
Port Timor	Timor Escudo	68.75
Principe Is.	Guinea Escudo	68.75
Puerto Rico	U.S. $	2.41 7/16
Qatar (S)	Q. Dubai Ryal	11.445
Reunion Ile de la	C.F.A. Franc	666¾
Rhodesia	Pound ●●	n.a.
Romania	Leu	14.4 / 45.2 (n.c.) / 43.2 (T)
Rwanda	Rwanda Franc	240 (O) / 255 (F)
St. Christopher (S)	E. Caribbean $	4.80
St. Helena (S)	£ Sterling	—
St. Lucia (S)	E. Caribbean $	4.80
St. Pierre	C. F. A. Franc	666¾
St. Vincent (S)	E. Caribbean $	4.80
Salvador El	Colon	6.05
Samoa (Am)	U.S. $	2.41 7/16
San Marino	Italian Lira	1,501¼
Sao Tome	Guinea Escudo	68.75
Saudi Arabia	Ryal	10.875
Seychelles (S)	S. Rupee	13.33
Sierra Leone (S)	Leone	2.0
♠♠Singapore	Singapore $	7.36875
Somali Rep.	Som. Shilling	17.1415
Sth. Africa (S)	Rand	1.716
S. W. Africa Territories (S)	S.A. Rand	1.718
Spain	Peseta	168.10
Span. Ports in North Africa	Peseta	168.10
Sudan Rp.	Sudan £	0.8358
Swaziland (S)	S. A. Rand	1.716
Sweden	S. Krona	12.47¼
Switzerland	Swiss Franc	9.82¼
Syria	Syria £	9½ (O)(A) / 10¼ (F)(A)
Tanzania (S)	Tan Shilling	17.1885 (sg)
Thailand	Baht	50.06½
Tibet	Yuan	5.908
	Indian Rupee	18.04
Togo Rp.	C. F. A. Franc	666¾
Tonga Is. (S)	Pa'anga	2.143
Trinidad (S)	Trin & Tobago	4.80
Trucial Shk (S)	§	§
Tunisia	Tunisian Dinar	1.255 (sg)
Turkey	Turkish Lira	35.9575 (sg)
Uganda (S)	Ug. Shilling	17.17⅜
Utd. States	U.S. Dollar	2.41 7/16
Uruguay	Uruguay Peso	n.a.
U.S.S.R.	Rouble	2.177
Vatican	Italian Lira	1,501¼
Venezuela	Bolivar	10.84⅛ (F)□
Vietnam (Nth)	Dong	8.83 (O) / 15.24 (T)
Vietnam (Sth)	Piastre	656 (A)‡‡
V'gin Is. U.S.	U.S. Dollar	2.41 7/16
Voltaic Rp.	C.F.A Franc	666¾
W. New Guinea	New Guinea Guilder	8.37
Western Samoa (S)	Samoan Thaler	1.72
Yemen	Ryal	n.a.
Yugoslavia	New Y. Dinar	36
Zambia (S)	Kwacha	1.71425*

♦ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
♠ Government Tax of 0.2 per cent. London note rate 14½-17½.
§ Of the Trucial Sheikdoms, Abu Dhabi has adopted the Bahrain dinar. Dubai, Ras al Khaimah and Sharjah have introduced the Qatar Dubai ryal as have the other Trucial States, Ajman, Fujairah and Umm al Qawain.
♠♠ Malaysia and Singapore and Brunei on June 12, 1967, issued their own currencies, which for the time being will be freely interchangeable.
□ Rate of oil and iron ore exports not available.
Φ Rate of most transactions including exports, imports and non-trade transactions previously covered by the certificate rate; exceptions are preferential rates for oil exports and crude oil imports which are not currently available.
†† Latest approximate official rate. Free market rate in Brussels approximately 1.69 (sg.).
♣ London note rate 14-15½.
* The Kwacha (equal to 100 Ngwee) was introduced on January 16, 1968. The Zambian pound remains legal tender until further notice.
♦♦ Rupees per pound. Tourists visiting Ceylon receive a premium of 55 per cent.
** London note rate 1,500-2,000.
♥ Pounds per 100 rupees. The quotation is given in this form in line with the revised market practice. Tourists receive 5–45 per cent. bonus on foreign currency surrendered to banks in Pakistan.
ΔΔ There is a special tourist rate of 40 zlotys to the dollar on exchange beyond a certain amount.
♥♥ Hong Kong dollar to £1 sterling.
‡ The exchange rate system has been revised, and a general official parity of 378rupiahs to the U.S. dollar introduced. London note rate 1,000-1,300.
§§ Bermuda has introduced a decimal currency, based on the Bda dollar, at a rate of 2.4 to the Bda pound, which remains legal tender for the time being.
●● A decimal currency, the dollar, equal to 10 Rhodesian shillings was introduced by the independent regime on February 17, 1970. The RH pound has a parity of $US2.80. The parity of the RH dollar is $US1.40.
¶ A new currency, the Rial Saidi, at gold parity with the pound, has replaced the Gulf Rupee.
¢¢ Dealings have been suspended since August 16, 1971, when the sucre was devalued from 18 to 25 to one U.S. dollar.
‡‡ There is an official market rate of about 298.2 applying to certain transactions. The rate given is the parallel market rate, and applies in general.
♣♣ Kyats per £.
● Decimalised currency, based on the Kwacha (worth 10 old shillings) was introduced on February 15.
† Rate for gifts to Czechoslovakia 34.44.
Δ A decimal currency, the Dalasi (equal to 100 Bututs) has been introduced at a rate of 5 to Gambia £1.

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GRAND METROPOLITAN HOTELS

Max Joseph's management by remote control

BY DAVID PALMER, MANAGEMENT EDITOR

"I WORK on intuition and my own personal judgment. That's worth more than any calculation that can be made in any scientific way." Thus Mr. Maxwell Joseph, dismissing any thought of justifying in financial terms the increase in his assessment of the value of Trumans from £34m. to £48m. in five weeks.

It is 45 years since Max Joseph took his first job in an estate agency for 30 shillings a week. It is 26 years since he left the army as a lance-corporal at the end of the war. In those years, Max Joseph's "intuition and personal judgment" has brought him a huge fortune, and made him into one of the most successful and respected businessmen in Britain, with personal shareholdings in the half-dozen public companies under his wing worth over £16m.

There is one consistent strain running through the career of Max Joseph. He always does what the professionals say he should not do. And so far, he has always come out on top. He was one of that select band of post-war entrepreneurs who made a fortune in the property development jungle. He was one *of the first to see the potential* in hotel development. He bought the Curzon House Club in 1964, when casinos were places to be seen in but not owned. In July 1969, at almost exactly the moment when the great conglomerate collapse had begun in America and Jim Slater was busy transforming himself into a merchant bank. Max Joseph went off on a buying spree that took Grand Met's sales from £43m. to £230m. in 12 months, and raised its profits from £5m. to £13.6m., and a forecast £19m. this year. *So favourable were the terms on* which he took over Express Dairy, Berni Inns and Mecca *that they had the effect of* raising Grand Met's earnings per share by nearly 30 per cent. last year.

Each of these major acquisitions has been greeted by the professionals in the same way. What on earth, they have asked, is Max Joseph up to now? There was that Express Dairy bid, which started Grand Met's conglomerate ball rolling. The City looked on milk at the time as one of those solid, staple industries with a Government-controlled past and a boring future. But "I thought it was cheap and the assets were good," recalls Joseph. The share price of Express Dairy's competitor Unigate has doubled since the day Joseph announced his bid. The Berni Inns bid came when the Berni share price had fallen from 133p to 61p in a year. The City's reaction to the Mecca bid was to knock nearly 10 per cent. off the GMH share price in a single day.

Now, in the space of a month, we have seen Max Joseph dancing a most obscure form of *pas de deux* with Cunard. And we have seen him breaking what had hitherto been one of his cardinal rules—don't get involved in competitive *bid situations*. So here we go again. What is Max Joseph up to now? Is he once again two jumps ahead of us? Or has he at last fallen victim to the conglomerator's most fatal disease — I-can-do-anythingitis? The City has taken its usual cautious view of the situation. It has knocked 10 per cent. off the Grand Met. share price since the end of June.

Hotel market too crowded

In one important respect, *Joseph is playing* the game he has always played—running against the market. "Everybody is trying to jump on the bandwagon of building and buying hotels, including property developers," he says. For his liking, the market is getting altogether too crowded. "We think London will be over-hotelled in the next few years, and it's extremely difficult to make money in other parts of the world." Hence Grand Met's diversification programme.

But what's all this about a *brewery* worth 28 times next year's forecast earnings? "I think there's great scope in the *brewing industry*," says Joseph. "Pubs and catering have always been part of our business." Of the 1,026 Truman pubs, about 180 are managed by Trumans, and some of these could be brought into the Berni Inns-Chef and Brewer net of steakhouse-pubs. Then there is that new Trumans brewery at Stepney. The Stepney brewery will have roughly double the capacity of Trumans' existing outlets. That gives Grand Met. just the kind of opportunity that Max Joseph loves—to prove to a tradition-bound industry that it is under-utilising its assets (the model here is the Express Dairy takeover). Within Grand Met., everybody has their own idea of where beer might be sold—in supermarkets, *off the* back *of Express* Dairy milk vans. And their eyes are cocked cautiously towards *the busy research of the Erroll* committee on licensing law reform. Add to this growth *potential a large property con*tent in Trumans, and a vigorous new management that has gone a *long way towards revitalising the* company in the past year, and you have all the ingredients of a classic Max Joseph bid.

GMH has been stalking Trumans for some time. It wanted a brewery, and this was the only one that fitted the bill. But there are no detailed breakdowns of Trumans' assets—pub by pub and property by property—doing the rounds at Grand Met. at the moment. Nor are *there detailed plans of what to* do with the company. That's not the way Max Joseph does things. "When I'm buying a business, I first of all look at the people I'm buying from, second at the balance *sheet*, and then at the prospects of the company." It took Joseph just 24 hours to decide to accept control of *Express Dairy. He handled* most of the negotiations for Berni and Mecca himself.

"I'm not going to pretend I would not like to control a much larger company than I control now. I think I could manage it with the five or six key staff I have." Here we come to the most extraordinary feature of the Max Joseph empire. Joseph is in effective control of a wide range of companies and interests, and apparently hell-bent on turning Grand Met. into a giant holding company for the *leisure industries. But he is not* the slightest bit interested in management, or in the boring *day-to-day detail of administra*tion. He works a four-hour day, and takes no work away at weekends. "I think it's terribly important as chairman of a company with so many different interests to be able to sit back and think about things, and not do any actual paperwork." The only executive work he does is on one or two favourite hotels because "it amuses me."

"Essentially, Max Joseph is a dealer. Once he's done a deal, the extent to which he is seriously interested in making it work is very limited." Two of Joseph's fellow Board members summed him up in almost identical words. (Max Joseph does not like the description. He says dealers buy and sell; he only buys.)

For every 20 companies Joseph is offered, he only buys one. "*We don't take over companies* without management," he says. And once he has taken them over, he leaves the *management* very much to itself. Even Eric Robarts, *who bitterly fought the* GMH take-over of Express Dairy, is still running the company.

MAXWELL JOSEPH, Age 61

STANLEY GRINSTEAD Age 47

ERNEST SHARP Age 40

Eric Bernard Age 39 **24 UK Hotels**

Graham Lewis Age 51 **Industrial Catering**

Eric Morley Age 52 **Mecca** (£5·5m)

Eric Williamson Age 48 **Berni Inns** (£2·3m)

11 Foreign Hotels

Alan da Costa Age 46 **Popular Catering**

Eric Robarts Age 63 **Express Dairy** (£4·7m)

(£6·3m)

NOTE: *The figures in brackets are for pre-tax profit in the year to Sept. 1970. The Mecca profit is for calendar 1970. The Berni Inns figure excludes Chef and Brewer. Mecca, Berni and Express Dairy figures exclude interest on loan stock issued in mergers.*

And he—like Eric Morley at Mecca, Eric Williamson at Berni, Alan da Costa at Empire Catering; like the management *of Giltspur Investments* and Robert Fraser and Curzon House—is left very much on his own. Joseph has an *office away from* the Grand Met. head office. He spends "about two hours a week" running through the weekly figures from all the branches of his various companies. His style is management by *remote control*, *his* method is delegation of all operating authority to trusted *subordinates*.

The two most important men at Grand Met. are almost unknown to the general public. Stanley Grinstead is 47, Ernest Sharp is 40, and their title is joint managing director. Both trained as accountants. Grinstead has worked for Joseph for 15 years, Sharp for 10, and they have been in effective joint control of Grand Met. since 1964. "I'm paying my joint managing directors to think the way I think. They have become just as expansion minded as I have." says Joseph.

Out in the Grand Met. subsidiary companies, head office runs under the name of a twin-headed animal called "Sharp'n' Grinstead" or "Grinstead'n' Sharp," depending on which one that particular executive usually reports to. Both are quick-thinking, intense, serious *men who work long hours at* their jobs. Neither went to university (very few Grand Met. Board members did). If one is not there, the other simply steps into his place.

"*We govern by exception*," says Grinstead. And because there are so few exceptions, *there is very little government*. "We seek to create an atmosphere in which the divisions *can unlock their growth potential* . . . our policy is to push the responsibility down." Sharp and Grinstead *won* their Grand Met. spurs building up the company's hotels in London's West End. Now, they hover over the Grand Met. colossus, picking up a new hotel here, a new restaurant there, checking the figures in merger situations, meeting Max Joseph for informal chats about once a week, and carefully vetting the weekly operating figures. If you are manager of a subsidiary, you do not hear from the awesome twosome until or unless something goes wrong. But if your business started to go seriously awry, that would be the time to start looking for another job.

This management by remote control is to some extent dictated by the kind of business and the kind of businessman Max Joseph takes over. The pattern of Joseph's take-overs reflects a consistent philosophy. Berni, Express Dairy and Bateman Catering were all controlled by their founding families, although when Joseph took them over, they were (and still are) being run by non-family professional managers. Trumans is in much the same position. Alan da Costa was the owner-founder of Empire Catering. And Eric Morley has for some time had a strong hand in guiding the fortunes of Mecca.

If you're going to take over succesful businesses, run by men who believe in their *own ability to make a success* of things, then you cannot expect them willingly to accept their orders from head office. Here, just to give you a flavour of the attitude of one divisional head, is the ever-quotable Eric Morley on himself: "I'm like a Montgomery or a Patton. I want to get out and make the money . . . the entertainment business is very much a business of entrepreneurs and personalities."

The Joseph system of management stands or falls on a pair of twin pillars—Max Joseph's judgment of business opportunity and *Max Joseph's* judgment of people. His judgment of the first has usually been *spot on—Bertram Mills Circus* and his wine and spirits interests are among the few industries that he has got into and out of again in the 1960s. His principal failures have been where he has made a mistake with people. "When we took over Robert Fraser (Joseph's merchant banking company, which *went through a bad patch in the* mid-60s) there was very poor management indeed." It took time to get the right new people. "There were a lot of mistakes. I've now got an entirely new set-up . . . and we're making progress." In 1959, Joseph found himself on the receiving end of the State Building Society collapse—"an error of judgment over a man's character."

The dangers of size

How far can Grand Met.'s diversification away from hotels go? And for how long can it go on succeeding as well as it has in the past two years? It really depends on how durable Max Joseph's system of management proves to be. Sharp and Grinstead have still to face a serious managerial test. It looked at one point as if they were going to given one with Cunard, but Trafalgar House has taken that chance away from them. "Everything I've done in Cunard seems to have misfired," says Joseph ruefully. If and when Max Joseph does take over a large, badly managed company, management by remote control may not prove capable of turning it around.

The second potential stumbling block is that of sheer size. The larger a company gets, the less susceptible it is to the kind of entrepreneurial flair that has built up Grand Met., and which Joseph has allowed to flourish in every one of his companies. The Truman's bid is breaking all kinds of new ground for Grand Met.—earnings per share *will be diluted rather than in*creased: Joseph has been offering to pay through the nose for it. But it is easy to see it fitting into the Grand Met. family with a minimum of strain. The Cunard bid was a quite different story. Perhaps it was just as well that it never got off the ground.

Pensions for entrepreneurs

BY DRYDEN GILLING-SMITH

THE 1971 Finance Act can be heartily recommended as holiday reading for all entrepreneurs who want to keep (from the taxman) some of the money they slog away earning for the rest of the year.

Two sections of the Act, 20 and 21, are concerned with pensions but *I intend in this article to* comment only on Section 20 which deals with "annuities for *the self-employed*." The Finance Bill in its original form introduced important improvements *in tax treatment of retirement* savings for people who are not in occupational pensions schemes or who are prevented from joining their company schemes by the Inland *Revenue* restrictions on membership. In the course of its passage through the house this Section was substantially amended and it is therefore worth taking a close look at the net effect of the various changes that took place at the Committee or Report stages.

Before I do this it is important to stress the broad spectrum of people to whom the Act applies. I have often felt that the term "self-employed" appears unduly restrictive or at any rate that *it* often fails to arouse enthusiastic identification among many of the people who could have *obtained* worthwhile tax advantages under the provisions of the 1956 *Finance Act—the precursor* to this Act. For this reason I prefer the term "entrepreneur" to "*self-employed*." The tax man will treat you as a member of the entrepreneurial club if:

1—You hold more than 5 per cent. of the shares of the company in which you work—if it is a director controlled company, that is directors collectively control more than 50 per cent. of the shares;

2—You are a partner *in a firm* or a sole trader. You are not in these circumstances allowed to join your *own company pen*sion scheme or set up one for yourself. In an age of high *marginal taxation this restriction* puts the entrepreneur at a serious disadvantage as compared with the executive who can take part of his remuneration in the form of pension rights.

The first attempt to remedy this anomaly was the 1956 Finance Act. This Act allowed you to get tax relief on *10 per cent.* of your net relevant earnings, or £750 per annum (where this is *less than 10 per cent.*) *if you* put this money into a special retirement annuity. These figures *were increased if you were born* before 1916, reaching a maximum of 15 per cent. of your income as eligible for relief if you were born in 1907 or earlier but with £1,125 as the top limit.

Putting money into a savings plan of this kind did have its costs and this is why many people preferred and still prefer a normal life assurance policy. With a retirement annuity you could not get your money out before the agreed retirement age or even use your annuity as security for a loan, while you *could do this with an endowment* policy.

On the other hand the retire*ment annuity has a number of* important advantages as compared with the ordinary life policy:

1. It qualifies for expense relief on the premiums and not just life assurance relief;
2. It will get you surtax as well as income-tax relief;
3. The assets representing your investment in this annuity can earn interest and capital gains, tax free;
4. *You do not have to pay a* premium for a minimum of 10 years and you can in fact pay a series of one off single premiums rather than committing yourself to a fixed premium each year;
5. You can wait until the end of the tax year, until you have agreed your taxable income with the Inland Revenue, before you decide the amount of premium you intend to pay.

MAXIMUM ANNUAL PREMIUMS ON WHICH A "SELF-EMPLOYED" PERSON CAN GET INCOME-TAX AND SURTAX RELIEF UNDER THE 1971 FINANCE ACT

Year of Birth	Percentage of Relevant Earnings	Maximum Annual Premium
1916 or after	15	£1,500
1914 or 1915	16	£1,600
1912 or 1913	17	£1,700
1910 or 1911	18	£1,800
1908 or 1909	19	£1,900
1907 or any earlier year	20	£2,000

The 1971 Finance Bill raised *the upper limit for premiums* that can qualify for tax relief from 10 per cent. to 15 per cent. *of net relevant earnings* but with a maximum of £1,500. However, in its original form the Bill made no special provision for people born before 1916—the over 55s. This has now been corrected and the original differential restored.

When you draw your money out at 60-plus you can take part of it as a tax free capital sum. The formula for deciding how much cash and how much pen*sion follows the formula* used for occupational schemes in the 1970 Inland Revenue Code, that *is, the cash sum can be anything* up to three times the annual amount of the pension. (In a pension scheme it is usually 3/80ths final salary as a cash sum for each year of service and 1/80th final salary as pension.) As in an occupational scheme it is always worth taking the maximum benefit in the form of a capital sum even if you need more pension, because you can use the cash to buy an ordinary annuity on which you would only pay tax on the interest content.

Another major improvement is the facility to provide better widows' and dependants' pen*sions out of of your tax-free annuity premiums. Up to one*-third of your premium can be used for this purpose. The *scope of this provision* was widened at the committee stage by the inclusion of dependants' pensions as well as widows' pensions.

There are, of course, things that we would like to have seen but which have not been incorporated in the Act this year. For example, it is always surprising *to find legislation of this kind* incorporating money figures such as the upper limit of *£1,500*. We live whether we like it or not in an inflationary age, and it is surely preferable to express restrictions of this kind in percentages rather than absolute terms, because otherwise they get out of line with the original intention so quickly and there does not seem to be any automatic procedure for adjusting such figures annually. The fact that it took from 1956 until the present to get rid of the £750 limit should be a salutory lesson to us not to make the same mistake again. Nevertheless, this section of the 1971 Finance Act does represent such a tremendous step forward that it is perhaps uncivilised to cavel at this sort of detail. The author and, *in fact all the MPs who* made such a valuable contribution at committee stage deserve *our gratitude. It only remains* for us to decide how much we are going to cut out spending this year in order to save that extra 5 per cent. of our income—that is if we are entrepreneurs.

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TUESDAY AUGUST 17 1971

In search of a new balance

PRESIDENT NIXON'S broadcast marks, as he himself acknowledged, the formal end of an era—the era which began after the last war with the establishment of a new international monetary and trading order and the provision of massive aid by the United States to help restore the economies of its allies and former enemies. The aid has done its job, the economies of its allies are now strong, and they will be expected in future to assume a larger share of common burdens and to allow the U.S. to compete more freely in their markets. The broadcast also marks the introduction of what the President described as the most comprehensive new economic policy to be introduced in the U.S. since the 'thirties.

The severance of the link between the dollar and gold has understandably received most attention abroad. But the decision to sever this link must have been due, at least in part, to the President's anxiety about the state of the domestic economy, the failure of the action already taken to produce the strong upswing hoped for, and the continuing combination of rising prices with high unemployment. To counter unemployment he is introducing investment grants and cutting taxes, offsetting the effect on his Budget deficit by cutting public expenditure and foreign aid. To counter inflation he is introducing a three-months' freeze on wages and prices.

Economic stimulus

These steps will give the U.S. economy a strong stimulus, but two criticisms can be made of them. The first is that the stimulus has been long delayed and may turn out, when it at last begins to work, to be too strong. The second is that the freeze is only a preliminary to an incomes policy whose form has yet to be designed. The success of the CBI initiative over here, which has impressed the U.S. Administration, has yet to be tested. It is unlikely, in particular, that the U.K. Government would have chosen to stimulate the economy so much at a time of rapid inflation if the balance of payments had not been unusually favourable.

But the U.S. balance of payments has been weak for years and recently even the visible trade account has gone into deficit: action of some kind would soon have had to be taken in any case. It has been precipitated by the report of a Congressional committee which recommended devaluation of the dollar and so demonstrated that U.S. economists of standing had begun to think along these lines. For the past couple of weeks there have been huge flows of dollars across the exchanges, other Governments have been forced to erect exchange controls against the tide, the free market price of gold has moved steadily higher, and the feeling has become more widespread that something would have to give soon.

The practical dilemma was that a revaluation of several leading currencies against the dollar can only be co-ordinated with difficulty, especially in view of the attitude of Japan, while a devaluation of the dollar against the rest of the world seemed to be ruled out by the approach of the next Presidential election. There was a clear risk that the Administration would seek to solve its balance of payments problem by bringing in measures of protection which would provoke reprisals and so inhibit the future growth of world trade.

Protectionism

That risk has been avoided, at least for the time being, by the President's decision. The import surcharge of 10 per cent. is regrettable in theory but in practice a good deal better than direct controls and there was a hint in the broadcast that it is primarily intended as a negotiating weapon, to be dropped as soon as it is no longer needed.

The immediate task is to reconcile the different interests of their Governments and agree on the method by which the dolalr is to be effectively devalued. There is likely to be a trial period during which more currencies float: after that, new arrangements will have to be devised. President Nixon seems to envisage a reforging of the link between the dollar and gold, perhaps at a different price, but this may not be possible. Alternatives are the pegging of rates to some other strong currency or the formation of a European currency bloc. It is clear, first, that the position of sterling (which has an embarrassingly strong balance of payments to back it for the moment) will be uneasy between the U.S. and the EEC and second, that permanent reform of the monetary system in the direction of greater flexibility is now inevitable.

But there are more than purely monetary issues involved. It is true that the Nixon measures, in their international aspect, seem to bring to an end the Bretton Woods system instituted more than 25 years ago and to that extent mark the end of an era. Yet facile phrases, like "the toppling of the dollar," should not be allowed to obscure the fact that the basic power relationship between the U.S. and her allies has not changed merely because of an alteration of exchange parities.

Essentials unchanged

The European countries and Japan all depend to a greater or lesser degree on their trade with the U.S.; the import surcharge is a tough (and perhaps salutary) reminder that power does not lie on one side alone. Similarly, both we and the Japanese continue to rely on American conventional and nuclear military power and the extent of this reliance is in no way lessened by what has just occurred. Of course, America's own security is bound up with Europe's, just as her own economic well-being is closely related to her investment and trade with Europe.

In a relationship of "interdependence," nevertheless, the balance of power is still tilted towards the American side. This fact has been obscured during the past few years, partly by the Vietnam war, partly by American inflation and investment abroad: indeed, all three factors have been symptoms of an American tendency to overestimate the preponderance of their power, or at least to misunderstand its nature. Now, however, that the Administration has set out an international economic policy which is the essence of hard self-interest, it is important that America's partners should respond in an equally realistic spirit.

IMPACT ON BRITAIN'S TRADE . . .

Mitigating factors in the blow to exporters

BY COLIN JONES

PRESIDENT NIXON'S 10 per cent. tax on U.S. imports is a disagreeable blow for British exporters. Despite the upsurge in U.K. sales to Western Europe over the past decade, the U.S. is still Britain's largest overseas market, accounting last year for almost 12 per cent. of total exports. The new surcharge is substantial — though smaller than the tariff surcharge Britain itself imposed in 1964 it is almost equivalent to a doubling of the present average U.S. tariff.

It is being levied on the landed value of "all dutiable imports which are not already subject to quantitative restrictions"—which in practice means pretty well nearly every class of goods shipped by Britain to the U.S. And, although the President said yesterday that the 10 per cent. tax would be temporary—a promise which other countries will be concerned to see fulfilled as early as possible—the surcharge is unlikely to be removed before the dollar has been effectively devalued by one means or another in relation to most other leading currencies.

Increased protection

The eventual outcome could conceivably be not so bad for Britain, however. President Nixon's package of external measures to protect the U.S. balance of payments is only the first in what must now be a whole chain of events in the international monetary scene. The final result could well be a situation in which the world's strongest currencies have revalued against the dollar by a greater margin than any change that may take place in the official pound-dollar parity.

The U.S. surcharge applies equally to all U.S. imports, the main exceptions being goods which are not produced at all in the U.S. (mostly items imported from the less-developed nations). Thus U.S. producers have been given a considerably increased margin of protection against foreign competition from whatever source. A series of revaluations against the dollar in which sterling appreciated either not at all or only by a modest margin would give British exporters an edge over other countries in the U.S. market. In this situation the U.K. would also benefit in all other world markets, too.

These gains would have to be set against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings of dollars from tourists and other invisible transactions. At present, with foreign exchange markets closed yesterday, it is hard to assess even the immediate effect of the suspension of dollar convertibility upon market values for the dollar. But the eventual overall balance could quite conceivably be favourable, from the point of view both of British exporters and the balance of payments.

This is jumping rather far ahead, however. At this stage, the only certainty is that the landed price of British exports to the U.S. has suddenly been raised by 10 per cent.; in terms of the final price, the increase will probably be somewhat less than 10 per cent. This has happened at a time when, thanks in part to the recovery of the U.S. economy, export shipments to that market have been showing renewed buoyancy. Last year exports to the U.S. rose by 3 per cent.; in the first half of this year they increased by 12 per cent.

The biggest items are industrial machinery and equipment (£174m. in 1970), whisky and other alcoholic drinks (£104m.), cars (£88m., including parts), diamonds (£71m.), iron and steel (£50m.), aircraft and aircraft engines (£49m.), textiles and clothing (£45m.), chemicals (£44m.), non-ferrous metals (£31m.) and instruments (£23m.). All told, some four-fifths of all U.K. shipments to the U.S. market are manufactured goods.

The effect of Nixon's 10 per cent. tax—and of any subsequent depreciation of up to this amount in the value of the dollar in terms of sterling—may possibly be not all that serious for some export lines. American drinkers of Scotch, for example, are unlikely to be driven to drinking Bourbon instead.

U.S. purchases of imported industrial machinery and equipment are also unlikely to prove to be very sensitive to price increases of about this magnitude, either. The leading U.K. machinery exports last year were engines (£33m., excluding aircraft engines), office machinery (£19m.) and textile machinery (£13m.). If, as a result of the revival in the U.S. economy and the extra tax incentives for industrial investment which Nixon announced yesterday, U.S. industrial investment spending recovers then any trade losses as a result of the 10 per cent. import tax could well be more than offset by the gains from increased demand.

BRITAIN'S TRADE WITH THE U.S.

U.K. EXPORTS (1970)	£m.	U.K. IMPORTS (1970)	£m.
1—FOOD, BEVERAGES, TOBACCO ...	131	1—FOOD, BEVERAGES, TOBACCO ...	179
— Whisky and other spirits	104	— Cereals	69
		— Fruit and vegetables ...	19
		— Tobacco	57
2—MATERIALS AND FUELS	21	2—MATERIALS AND FUELS	102
		— Pulp	24
		— Ores	20
		— Oil seeds	11
		— Oil	9
3—MANUFACTURED GOODS	748	3—MANUFACTURED GOODS	866
— Chemicals	44	— Chemicals	110
— Diamonds	71	— Iron and steel	51
— Iron and steel	50	— Non-ferrous metals	36
— Non-ferrous metals	31	— Paper	24
— Textile yarns & fabrics	29	— Textile yarns & fabrics	19
— Machinery	174	— Machinery	372
— Cars and vehicle parts...	88	— Vehicles	11
— Aircraft and engines ...	49	— Aircraft and engines ...	86
— Motor-cycles and cycles	17	— Instruments	46
— Instruments	23		
— Clothing	16		
4—OTHER	32	4—OTHER	23
TOTAL EXPORTS	932	TOTAL IMPORTS	1,170

Diamonds, chemicals

The same goes for exports (including re-exports) to the U.S. of industrial materials or semi-manufactured goods, like diamonds, chemicals, steel, and non-ferrous metals. Even if sales are adversely affected by the import surcharge, there could be offsetting gains in the increased demand resulting from any further pick-up in the pace of U.S. economic activity.

The effect on aircraft and aircraft engine sales is perhaps more problematic. The tortuous re-negotiation of the RB-211 contract is immediately affected. So, eventually, are the sales prospects of the Anglo-French Concorde.

On cars, the outcome may also not be drastic—at least for the British car makers. True, one of Nixon's major targets was the foreign car which has been bought in increasing numbers by Americans. In July imports, primarily of Volkswagens, Toyotas and Datsuns, took 18 per cent. of the market—a new record. If they continued to sell at this rate for a full year, 1.6m. foreign cars worth almost $4,000m. would be registered, an increase of 30 per cent. on 1970. Japanese importers have done very well, with Toyota showing gains of 50 per cent. and Datsun of over 100 per cent. on 1970.

The 10 per cent. import surcharge will raise the price of a Volkswagen or Toyota Corona by about $200, enough to make many of the price-conscious buyers of the small, cheap imported cars think about an American car instead. The removal of the excise duty of 7 per cent. will reduce the price of U.S.-made small cars such as the Chevrolet Vega and Ford Pinto by about $150.

Leyland's exports

But it is hard to judge just how much the price changes will affect car imports. Volkswagen is well entrenched in the market, with considerable customer loyalty, and its sales have been twice as high as the Vega's or Pinto's this year. There are signs that some Americans have been buying foreign cars because they *are* foreign.

However, British exporters may be affected less than the others. Only 120,000 British cars, at most, will be sold in the U.S. this year. British Leyland, which will account for two thirds of the total, relies largely on its sports cars. So far 21,000 of the 41,000 cars it had sold by July were MGBs, and fully 91 per cent. of its U.S. exports are of sports or luxury models. Its only saloon car export, the Austin America, is selling poorly and is soon to be replaced by the Morris Marina.

Chrysler, whose Avenger, sold as the Plymouth Cricket, accounts for most of the British saloon car sales, has shipped large stocks to the U.S. in advance of an expected longshoreman's strike. It plans to sell only 40,000 Crickets this year and had shipped 33,000 of them by the end of July, thus fortuitously escaping the import levy.

The Cricket does sell in close competition with the Ford Pinto and Chevrolet Vega and its sales prospects are bound to be affected by the surcharge. Chrysler had been planning to step up shipments, which already account for 16 per cent. of the built-up production of its U.K. plant. This may now be reconsidered.

May be a deterrent

Ford no longer supplies any British cars to the U.S., though it does use British engines in both the U.S.-built Ford Pinto and the German-built Capri. Pinto sales should reach 300,000 this year, bringing business worth about £30m. to Dagenham. The net effect of the Nixon measures should be to increase sales, since the surcharge on engines will cost only $25 per car whilst the excise duty cuts will save $150.

The U.S. is still easily the best export market for British cars, taking twice as many as Australia or South Africa. Including the Ford parts, British car exports should be worth £150m. this year—50 per cent. more than in 1970. Motor cycles, tractors and bicycles are worth another £25m. The U.S. market takes 9 per cent. of Leyland's car production, 16 per cent. of Chrysler U.K.'s and 40 per cent. of Ford's engine production. But this seems to be less at risk than the German or Japanese export business, which will be directly affected.

The effect on other consumer goods may possibly be more adverse. Britain sells a wide range of these in the U.S. market—sewing machines and other household appliances, records, toys and games, sports equipment, paintings, sculpture and antiques, glassware, porcelain, and clothing to list only a few items at random. Here an increase of up to 10 per cent. in the final price in relation to competitive U.S. lines could be a deterrent — although here again there could be exceptions (in sales of British discs and antiques for example). Certainly, few British exporters are in a position to absorb much of the new import surcharge by cutting their profit margins.

MEN AND MATTERS

The money men at the meeting

Emminger

Ossola

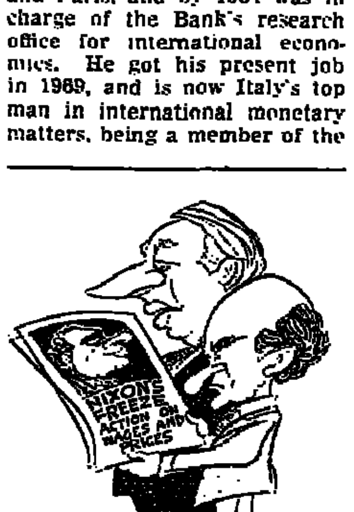
Neale

Mr. Paul Volcker, the American with the unenviable task yesterday of explaining Mr. Nixon's economic measures to the monetary pundits of Europe, has spent the last 19 years doing a sort of shuffle between Washington and New York. After a year at the London School of Economics, following Princeton, he went to the U.S. Treasury, then to the New York Federal Reserve Bank, then joined the Chase Manhattan Bank. In 1957 he went back to the Treasury department, then back to the Chase Manhattan in 1965 as Vice-President for forward planning. Then it was back to the Treasury as Under-Secretary for Monetary Affairs, when Nixon came to power in 1969. So yesterday's meeting in London was essentially a meeting of people long familiar with each other, for the half a dozen Europeans and two British officials who met him at the American Embassy were very much his counterparts, over whom his main advantage was his height—he is over 6½ feet tall.

Dr. Otmar Emminger, vice-president of the Bundesbank, Dr. Rinaldo Ossola, vice-director general of the Bank of Italy, and M. Bernard Clappier, first vice-governor of the Banque de France, are all old hands at the international monetary game. Clappier was a close associate of M. Robert Schuman, one of the founding fathers of the Common Market. He was closely involved in Marshall Aid, and joined the Banque in 1963.

Emminger, who was at St. Andrews University, speaks perfect English, and has a thorough knowledge of Shakespeare, has a reputation for being a reformer. He was the spiritual and technical father of the Special Drawing Rights, or "paper gold" as they have been called. He is a great advocate, like Ossola, of flexibility.

Ossola has been with the Bank of Italy since 1938, and he, too, spent a year at the LSE. He also spent years in the Bank's offices in London, Lisbon and Paris, and by 1964 was in charge of the Bank's research office for international economics. He got his present job in 1969, and is now Italy's top man in international monetary matters, being a member of the Monetary Committee (like Clappier) and the Economic Policy Committee of the EEC and also chairman of the Deputies of the Group of Ten. Like Emminger, he is also involved with Working Party 3 of the OECD.



"What gets me, is having to buy a used economic policy from this man."

But if these three are the regulars at international money meetings, the other Frenchman at the U.S. Embassy yesterday, M. Claude Pierre-Brosselette, is not. He is the son of a famous French resistance hero, Pierre Brosselette, whose entire name his son took as his surname, but hyphenated, to honour his memory. A graduate of the École Nationale d'Administration, he is 43, looks much younger, and is one of the new breed of French technocrats. He is now director of the French Treasury, a part of the Ministry of Finance.

Similarly, the British representatives at the meeting were relative newcomers to the money scene. Mr. Jeremy Morse, the Bank of England man, has the advantages of being both a philosopher and a solver of puzzles ("The Times crossword in ten minutes, regularly," I'm told.) He took the familiar Classics road from Winchester to New College, Oxford, and on, with a first First in Greats, to a Fellowship at All Souls. But having established a reputation as a philosopher, he then turned to the City, and after a spell as a director of Glyn Mills became a very young executive director of the Bank in 1965. Still only 42, he did his stint as home director of the Bank before moving on to his present position as director with responsibility for overseas affairs.

Our man from the Treasury, Mr. Alan Neale, also had a shift of career in mid-stream. He was at the Board of Trade for more than 20 years, rising to Second Secretary, before switching to Third Secretary at the Treasury in 1968. He is a precise man, both in dress and thought, who inherited the Second Secretary's post earlier this year when Sir Frank Figgures left. When he entered yesterday's talks, the American contingent may have pondered on the two books which helped to establish Neale's reputation, The Anti-Trust Laws of the USA, and The Flow of Resources from Rich to Poor, both written while he was at the Board of Trade.

Stormy weather

Never rains but it pours note . . . just after news of President Nixon's measures reached Hong Kong, banks and foreign exchange markets there had to be closed because of an approaching typhoon.

Observer

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هكذا من الأصل

. . . AND ON THE U.S. ECONOMY

the $ A revolutionary change of mind

From JOHN GRAHAM, Washington, Monday

THE MOST extraordinary thing about President Nixon's bombshell on Sunday night, and in some ways the most disquieting, is the speed with which it happened. Less than two months ago, after a comprehensive review of the economy, the President and his advisers decided that there was no need to change course, that existing policies would work in time. Thirty-six hours ago Mr. Nixon announced "the most comprehensive new economic policy to be undertaken in this nation in four decades."

Consumer prices

This revolutionary change of mind had two causes, neither of which was more than dimly perceived until recently. In the first place the economy not only didn't get any better, but in some important aspects it got worse. The consumer price index rose in May and June at an annual rate of more than 6 per cent., compared to the 3 per cent. rise of the first four months. The latest unemployment figure (July's) was 5.8 per cent., which meant that five and a half million people were out of work.

The Commerce Department's composite index of leading economic indicators dropped by 0.5 per cent., after seven months' rise. Corporate spending plans were scaled down, and the same reluctance to spend, the same residual lack of confidence in the future, was keeping ordinary people away from the market place. The savings rate actually averaged 8.4 per cent. in the second quarter—a historically astonishing level—and there has not been much change since.

So long as the effects of all this were confined within America's frontiers, the Administration might have been able to hold out. It had, after all, kept its nerve fairly well through more than two dispiriting years. But the dollar crisis that had died down in the early summer burst into flame again, and seemed likely to continue.

The trade balance went sharply into deficit—$800m. in the second quarter alone—and the U.S. suffered an outbreak of strikes or near-strikes in major industries, all accompanied by wage settlements in two figures.

To Dr. Burns of the Federal Reserve, these were ominous warning signs, and he intensified his campaign to get the White House to do something direct about inflation. From the Treasury came pressure along similar lines, especially when the gold rush restarted. Belgium and the Netherlands insisted on converting large quantities of dollars into gold, and the U.S. was forced to go near the limit of its gold tranche at the IMF. The Treasury's gold stock fell to just above $10,000m., which had always been considered the sticking-place. John Connally began to suggest to the President that the "steady as she goes" attitude might be inadequate.

The result is this week-end's list of new policies, a list so long that it makes President Johnson's January 1, 1968, programme look puny. Mr. Nixon has firstly attacked what is perceived as one of the most stubborn obstacles to a full recovery—the lack of confidence. The Job Development Act of 1971, to be considered by the Congress after the August recess, proposes a 10 per cent. investment credit effective from last Sunday, with a "Buy American" clause. It will not be granted on foreign-made machinery.

The intention is to stimulate the machine tools industry, improve U.S. productivity by modernising plant, and create more jobs.

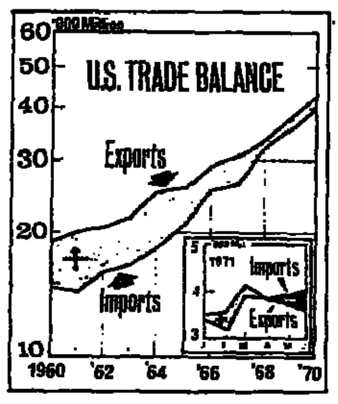
Wage freeze

The repeal of the 7 per cent. excise tax on cars is aimed at increasing corporate and individual confidence. The car industry is delighted, and will be better able to cope with the seemingly unshakeable competition from foreign cars. The average price of a car to the American buyer will be $200 less—President Nixon has promised that he will make the car companies pass on the reduction to the consumer. Such is the dominance of the motor-car in America to-day that he could claim that "every additional 100,000 cars sold means 25,000 new jobs."

Finally, aimed solely at the individual, is the proposal to increase the personal income-tax exemption next January rather than in January, 1973. The effects of this are partly diluted by other decisions: by the three-month wage freeze, by a six-month postponement of a Federal salary increase scheduled for next January, and by a 5 per cent. cut in Federal employment, even though the President hopes to achieve this by attrition. The general lines of this and the preceding policies, however, are clear: "This increase in consumer spending power will provide a strong boost to the economy in general and to employment in particular."

Obviously, in the present international climate, such domestic stimulation has to be matched by a renewed attack on inflation, and it is here that doubts creep in. No one knows how the wage-price-dividend freeze will work. It relies on "voluntary co-operation," though sanctions are attacked and the Attorney-General has power to prosecute. It will not have a huge price-control bureaucracy, but the President has set up a cost-of-living council.

The trouble is one of lingering doubt about the effectiveness of this and other plans. Mr. Nixon said on Sunday night that "the time has come for decisive action—action that will



break the vicious circle of spiralling prices and costs." But this has been heard before. The "inflation alert" and "productivity council" were set up a year ago, and it is hard to see what, if anything, they have done.

The President promised months ago to do something about high wage settlements, and the Administration was heavily involved in the steel negotiations, but in the end the steelworkers got exactly what everyone always expected them to get. A large wage settlement was followed immediately by a large price rise, and the White House did nothing.

Even those who have been most strongly advocating some action on wages and prices—notably Dr. Burns—have their doubts about the technical feasibility. Dr. McCracken of the Council of Economic Advisers has argued time and again that in an economy as large as America's, controls simply cannot be administered, and that even in countries like the U.K. and Canada they have not worked well.

Nevertheless, there is clearly a political advantage in moving towards some form of controls, and the stated intention may even be enough to induce austerity.

Presumably with an eye still on the international financial markets, the President has also cut budget expenditures by an amount similar to the tax reductions, about $6,000m. in all. The effective dates for revenue-sharing and welfare reform have been postponed, but since these two Administration proposals were in much trouble with Congress anyway, it is not easy to tell what their postponement will actually do to the budget figures.

The deficit for the present year was initially predicted at $12,000m., but the White House has already conceded that it will be nearly $20,000m., and independent judgment places it as high as $25,000m.

This, following last year's deficit of $23,000m., puts some strain on the capital markets and raises very difficult questions about budgetary priorities.

The question, of course, is: Will it all work? As with the British measures of July, 1966, and LBJ's of January, 1968, the answer is it might, but again it might not, and the recent history of crash programmes is not encouraging. The import surcharge, the "Buy American" thread that has run through the Administration's thinking for months, the monetary moves, are all designed to restore America's competitive edge, to end what President Nixon called "unfair treatment" deriving from "unfair exchange rates."

Recovery

Whether Mr. Nixon can produce a full recovery at home is another matter, to which no quantifiable answer can be given simply because no one fully understands the present malaise.

The price inflation has been awkwardly persistent, certainly, but at 5-6 per cent. overall it is far less than in many industrialised countries. The unemployment situation is indeed worse than at any time in the last ten years, but not nearly as bad as it is, for instance, in the U.K. or Canada.

A change in the dollar's parity rate, or a sudden and permanent improvement in the balance of payments, or a return to large trade surpluses, is not going to lead to full employment with stable prices. Rather, the opposite is the more orthodox opinion. American exports and imports are a mere 4 per cent. each of the country's GNP—the economy is internally viable in a way that Britain's or Holland's is not.

A challenge

Therefore, internal remedies are needed, and with professional economists not only unable to explain the current situation satisfactorily but also unable to predict its cure, no one can say with confidence that Sunday night's internal measures will do the trick. Along with his specific proposals, President Nixon delivered a challenge to the U.S. people. "Every action I have taken to-night is designed to nurture and stimulate that competitive spirit, to help us snap out of the self-doubt, the self-disparagement that saps our energy and erodes our confidence in ourselves." Much as that sounded like a British Prime Minister addressing the British people, I am sure it accurately touched the state of America to-day.

THE PRICE OF GOLD **BY LESLIE PARKER**

Why a production surge is ruled out

PRSUMING that gold can now be regarded even more from a commodity viewpoint than it was before the week-end's events, the major question that arises after President Nixon's statement is whether demand for bullion, both monetary and industrial, will be stimulated by the U.S. edicts. If it is, where can the extra supplies of the yellow metal come from and what price would be needed to bring supply and demand into balance?

One thing stands out clearly. No big early expansion in the supply of newly-mined metal will be possible even if the price surged forward sharply. Not even Russia could step up production quickly. In other areas of the world there are various factors militating against any speedy expansion of output. And overall it is an inescapable fact that it takes four to five years to bring a new mine into production even if such mines can be found.

It is generally taken for granted that the scope for further new producers in South Africa, by far the world's biggest source of the metal, is becoming distinctly limited. In that country, as in Canada and Australia, the older marginal mines have been propped up by Government subsidy schemes. In so far as they would otherwise have closed, such schemes only help to sustain current production levels.

There is, of course, the undoubted fact that huge amounts of ore, eroded from the realms of payability by the cost inflation that all the world's gold mines have been suffering from, would become economic to mine at higher gold price levels. This would extend the life prospects of the mines but the extraction of these lower grades of ore would in the first place tend to reduce actual gold output.

For a boost to production, greater ore tonnages would have to be milled. This would in turn mean the sinking of new shafts and the extension of treatment plants, again a long-term task. To undertake these tasks, the industry would obviously have to be pretty sure that gold's higher value would be a permanent feature of the world economic scene and the price increase would naturally have to be quite substantial.

Downward path

Otherwise the world gold production prospect, based on present mining economics, is one of decline during the present decade. South African output is expected to reach a peak in 1975 and possibly sustain this level until around 1980. But production in Canada, the U.S. and Australia may be regarded as already being well on the downward path.

Russia, as ever, remains an enigma although there is some evidence that it could expand production, albeit slowly, in the years ahead. The great unknown is how much of this gold would reach the western world. This again would obviously depend at least to some extent on price.

The other major element in the situation is how much gold could flow forth from the world's private hoards of the metal. A sudden rise in price might well dislodge a substantial segment of the stocks that have been built up over the years against this very contingency. On the other hand, a gradual forward movement could stimulate fresh speculative demand to offset the selling by those tempted by profits on an investment which bears no rate of interest and can indeed often cost money in the shape of charges for its safe-keeping.

Looked at as a commodity there are thus a plethora of uncertainties in peering forward, probably more than there are in other metals. The demand bulwark relies for its foundation, as with other metals, on the industrial uses of gold. Here, it is argued, lies its strength especially when placed against the background of gold's role as the largest component of the world's international monetary reserves.

Hand in hand with this role which, ironically, may now become even more important is the growth in private demand. Expert studies have found it understandably difficult to sort out this latter offtake of gold into its various categories and in particular to pinpoint the difference between genuine demand for industrial uses and that for hoarding pure and simple, an obviously vital distinction. For instance, it is estimated that last year over 70 per cent. of fabrication use was in the jewellery trade, an offtake that could cover a multitude of hoarding sins.

These studies, exhaustive in their detail, reached unanimous conclusions that the price of gold as a commodity would in any case trend upwards during the present decade because the non-monetary offtake would exceed the newly-mined supply. How fast or how large the price increase would be must necessarily depend on how the speculative and hoarding segment of the market behaves.

This is naturally regarded as unpredictable. But then so are some of the factors that have to be taken into account when looking forward in, say, nickel about which bullish conclusions are reached by some of the mining world's most highly sophisticated research organisations despite many uncertainties including that vital element, the course of the American economy, which in effect brings us back to square one.

Slow growth

To sum up, then, the outlook for the value of gold as an industrial commodity already had a decided element of slow growth in it even before this week-end's events, which could reinforce this growth from the monetary side in that they could add a fresh twist to the screw which, despite many frantic efforts to stop it, has been increasing the yellow metal's value in terms of paper currencies (other than the dollar) over the ages.

Where does all this leave the holder of gold shares? It was noticeable yesterday that no raging boom developed. This was understandable. The closure of the foreign exchange markets and that for bullion added to the uncertainties. The propaganda from brokers and other analysts, both here and overseas, which was so rife a few weeks ago had already ensured that many investors had taken up their positions in this market. They found no reason to sell. New buyers, on the other hand, were mostly content to wait events.

Those who are looking for a boost to the earning power and life prospects for the world's gold-mining industries must ignore one historical lesson. It no longer pays to rush into the shares of the marginal producers. Governments will reap the major benefits of their increased prosperity in that it will cost less to prop them up by means of subsidies.

It will pay, in other words, to stick to the good-life medium grade mines which should be in a position to reap all the advantages which may be coming along and which at the same time have the least downside risk if the advantages eventually accruing from the present confused situation prove to be of a lesser rather than a larger degree.

In the South African segment this points to the middle of the roaders such as Winkelhaak, Hartebeestfontein, Doornfontein, Kloof (when that unfortunate underground fire is put out), President Steyn, St. Helena, Western Areas and, as a long-term giant to be, Vaal Reefs.

In Canada, Campbell Red Lake sticks out as the only major producer which manages to stand on its own feet without the aid of the government subsidy there which has as one of its conditions that a gold mine is either free to sell on the open market without state aid or to the Canadian mint at the monetary price for gold as a qualifier for such assistance.

EXCHANGE RATES **BY SAMUEL BRITTAN**

The critical question for sterling

THE KEY point for the business community will be the new rates of exchange between sterling and other currencies. The U.S. have, for practical purposes, "gone off gold." Whether the U.S. fixes another official gold price, or returns to $35 an ounce, or whether other countries decide to link their currencies to gold, are primarily matters for governments and central banks, and secondarily for the private gold market. For the ordinary trader, whether exporter or importer, the official gold price is of no importance.

Possibilities

The critical point, which cannot be sufficiently emphasised, will be the weighted average change of sterling in terms of other currencies. If this turns out to mean that sterling has depreciated, exporters will receive a boost and imports will be restrained. If there has been an appreciation, the reverse will have happened and there will also be some slight deflationary impact on economic activity.

Three possible outcomes can be envisaged. The leading trading countries might decide to continue to peg their currencies against the dollar at the rates prevailing last Friday. This is mentioned as a theoretical possibility: but, even if attempted, it could not be more than a very provisional state of affairs.

The second possibility, which a great many officials and central bankers yearn for, would be a re-alignment of exchange rates, out of which an effective dollar devaluation would emerge.

The third possibility would be that a number of other countries would follow the example of Germany, the Netherlands and Canada and allow their currencies to float against the dollar for a "temporary" period. Such floating could either be a purely national affair: or the EEC might attempt to float as a bloc as Prof. Schiller originally proposed at the time of the D-Mark crisis earlier this year.

Obviously, several combinations can be envisaged. It can be assumed that if enough countries go for genuinely floating rates, there will be an effective dollar devaluation; and once this has happened, there will be great pressure from America's trading partners for a removal of the surcharge. But as this will then have been replaced by an equivalent currency obstacle, exporters to the U.S. would be well advised to regard some deterioration in the competitive situation as a permanent feature.

Alternatives

The courses open to the U.K. Government derive directly from the international monetary alternatives listed above. One obvious course would be for sterling to stay pegged at the $2.40 rate. The attraction of this is that if there is a re-alignment, or a widespread adoption of floating rates, there will be a net depreciation of sterling.

Although the present British balance of payments is extremely strong, it is regarded by most international economic observers as an artificial and temporary phenomenon. It is mainly due (a) to the depressed state of the home economy which has held imports down and (b) to the very rapid rise in British export prices—about twice as fast as our main competitors' over the past 12 months—which has given a temporary boost to British overseas receipts, but is a major threat to British competitive power in the slightly longer run.

For these reasons the staffs of major international economic organisations do not take any very optimistic view of sterling's long-term prospects and would not regard the current surplus as an argument against some net depreciation—which would be particularly valuable in advance of Common Market entry.

On the other hand, there are some arguments against securing this simply by staying pegged to the dollar. In the first place, it may look "un-European" to some in Whitehall.

A more impressive argument is that to obtain an effective dollar devaluation the U.K. must make some gesture. This, however, could be consistent with a small appreciation of sterling relative to the dollar, but a depreciation in terms of other currencies.

The most important third reason, however, is that simply sticking with the dollar is an unimaginative solution which fails to take advantage of the situation to safeguard Britain's long-term position.

To do this, the U.K. could float either alone or with the EEC bloc. The U.K. could not, however, float jointly with the EEC at the European parities prevailing on Friday without suffering an unwarranted appreciation which could damage our competitive position.

Unilateral

There are, however, powerful arguments for preserving maximum freedom of manoeuvre and for floating alone at least until the U.K. has entered the EEC.

This would give the country an automatic external regulator for dealing with balance of payment difficulties during the crucial and highly uncertain next couple of years when two unknowns—the effects of present British policies on inflation and the initial impact of EEC entry—reinforce each other.

A unilateral float would also seem less un-European than simply staying pegged to the dollar; and it would leave open the possibility of taking part in a European currency union if the efforts of the existing Six come to fruition.

Home and World Reactions to President Nixon's Economic Package

CBI hopes surcharge will be only a stop-gap

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

THE U.S. economic measures are expected to have a significant impact on Britain's exports to North America, worth £933m. last year. Nevertheless, the U.K.'s leading exporters are less concerned about the immediate, and hopefully short-term, effects than the possibility that they could lead to a more general move towards protectionism.

CBI leaders hope that the U.S. Administration will make clear by its subsequent policies that the 10 per cent. import surcharge is only a stop-gap, "and not a prop to U.S. industries seeking protection from foreign competition, without any justification by internationally-agreed criteria."

Fairly optimistic

Thet CBI also hopes that the talks which have now been called on currency realignments will quickly reach agreed solutions to remove the uncertainty that British traders and investors will have to face in their overseas operations.

The motor industry, one of the main exporters to the U.S., is taking a fairly optimistic view of its prospects.

Mr. Kenneth Corley, president of the Society of Motor Manufacturers and Traders, admitted that the import restrictions would cause at least short-term concern and pointed out that most U.K. sales in the market were in the speciality and sports-car field.

"These cars may be less severely affected than the small cars which are so directly competitive with most U.S. products," Mr. Corley said.

In addition, he pointed out, in the longer term the importance of the strength of the U.S. economy must not be under-rated.

"Britain is greatly affected by the strength of America and we must hope that Mr. Nixon's measures will work, and work fast."

British Leyland, selling over £90m. worth of vehicles in the U.S. does not anticipate any serious effect in the market.

"We do not expect to be hit so severely as other imports which are competing on price because we specialise on the sports and prestige cars where price is not necessarily the dominating factor."

British Leyland is also hoping to take advantage of the increase in volume sales expected to follow the cuts in excise tax. This could cancel out some of the consequences of the surcharge.

Other components

Chrysler U.K., building up direct exports of its Plymouth Cricket model (basically the same as the British Hillman Avenger) to the U.S., is similarly hopeful that an over-all sales boost in the market will compensate for the effects of the surcharge.

The company is competing mainly against other European and Japanese manufacturers of sub-compact cars, who will face similar penalties.

Ford of Britain, mainly supplying engines for the U.S. company's locally-built Pinto model and other components, feels that it could benefit from a resurgence in the market over the next two years, until Ford starts to produce Pinto engines in the U.S.

The Scotch whisky industry, another major exporter to the U.S., with sales worth £97.5m. last year, does not expect the surcharge to bite very deeply into sales, particularly if it is only a short-term measure

"Nevertheless, we deplore any move towards protectionism and if this were to become the general trend the consequences would be very damaging to one of Britain's most important exports," Mr. Grant Gordon, chairman of the information and development committee of the Scotch Whisky Association, said.

The British Pottery Manufacturers Federation, on the other hand, does expect the surcharge to have a serious impact on the industry's sales to the U.S.

Mr. Arthur Bryan, chairman of the Wedgwood Pottery group, said that the surcharge was bound to intensify the group's difficulties in an already tough trading area.

Wedgwood sends 40 per cent. of its exports, which account for 65 per cent. of total production, to the U.S. It is also concerned about the repercussions which the U.S. measures may have throughout the Western trading world.

The U.S. is the most important single export market for the British Stel Corporation. Sales there worth £50m. out of total exports of £230m. last year.

Fortunately, heavy shipments of U.K.-produced steel were made to the U.S. earlier this year, in anticipation of a possible U.S. steel strike, and sales for the rest of this year were expected to tail off.

Steel industry

Moreover, as the U.S. steel industry strike was only prevented by a big pay settlement and higher prices, the BSC expects to stay price-competitive.

The Scottish tweed trade, and the Yorkshire wool textile industry expect trade to suffer, although they are hopeful that fine quality, high-priced cloths will not be too badly affected.

The British National Export Council feels that British consumer goods, selling at the top end of the market, will hold their own, despite an obvious danger from Mr. Nixon's "Buy American" appeal.

In the field of capital goods, however, it is more concerned about the effect which the surcharge will have on sales, particularly of machine tools. The total U.S. market for British machinery and transport equipment was worth £333m. last year.

The main hope for U.K. manufacturers in this important sector is that the 10 per cent. job development credit announced by the President to stimulate investment in new equipment will produce the sort of demand from which they can benefit despite the effect of the surcharge on prices.

New threat to RB-211

By Michael Donne, Aerospace Correspondent

UNLESS THE Rolls-Royce RB-211 engine is exempted from the U.S. Government's 10 per cent. surcharge on imported goods, the future for that engine—and therefore also the Lockheed TriStar airliner—appears bleak.

This view was being expressed in both Whitehall and the aerospace industry yesterday, where there was serious concern lest all the money and effort spent since last February in rescuing the RB-211 and the TriStar were now to be jeopardised as a result of President Nixon's measures to safeguard the dollar.

The situation was still not clear last night, and the Department of Trade and Industry was seeking urgent clarification of the situation.

'Ship set'

But behind this concern was a feeling that even if there is no automatic exemption for the RB-211, some special dispensation may be made for it—otherwise the efforts of President Nixon and Treasury Secretary Connally to win Congressional approval for loan guarantees for Lockheed will themselves be rendered fruitless.

The effect of the 10 per cent. surcharge would be to put about $300,000 on the price of each TriStar, since the present price for a "ship set" of three engines, negotiated with Rolls-Royce (1971) earlier this summer, was set at nearly $3m.

The price of a "ship set" has already gone up this summer by $547,776 from the original RB-211 price negotiated in 1968, so that the additional effect of the surcharge would mean a rise of the best part of $1m. in the TriStar this year.

Such a rise would probably be unacceptable to the airlines, some of whom—Air Canada and Delta—are still wavering in their support for the TriStar. The 10 per cent. surcharge would put some $53.4m. on to the bill for the 178 aircraft now either on order or on option.

Even suggestions that U.S. airlines could buy the engines through subsidiaries based outside the U.S. would not help the situation, because sooner or later the engines would have to be landed in the U.S. for installation in the TriStar and at that point would become eligible for the surcharge.

If any of the airlines still wavering pulled out as a result of the higher cost, the TriStar would be killed almost outright, and with it would go the RB-211.

The fact that the tax is intended to be temporary still would not help the situation, for no one would know how long it was going to last, and would not buy aeroplanes in such an uncertain situation.

So far, Rolls-Royce has delivered around 14 RB-211s to Lockheed at Burbank, California, and plans to have raised this to 34 by the end of this year.

Any dispensation in favour of the RB-211, however, would be certain to rouse the fury of Rolls-Royce's U.S. competitors, Pratt and Whitney and General Electric, who would then claim that it was destroying the very argument for introducing the surcharge in the first place—the protection of American goods against "unfair" foreign competition.

They could argue—with some justification—that the objective of the surcharge should be to enable U.S. engines to be installed in U.S. aeroplanes.

In any event, it now seems likely that there will have to be another extension of the already once-extended deadline of August 24 for the settlement of the new arrangements between Lockheed and the airlines, banks, U.K. Government and Rolls-Royce (1971) for the continuation of the TriStar and RB-211.

Concorde salesmen

If the price of the RB-211 is uncertain in the light of the 10 per cent. surcharge situation, it is impossible for airlines to complete contract details, or for the banks to settle loan terms. With only a week to go before the deadline, an extension of at least another would seem to be almost inevitable.

The surcharge may also make much more difficult the Anglo-French Concorde salesmen's task of getting the aircraft accepted in the U.S. At a quoted delivery price of more than $30m. for 1974, the surcharge, if it lasted long enough, could significantly upset the aircraft's sales prospects.

The Concorde salesmen can only hope that the surcharge does not last long enough to affect contracts for aircraft due for delivery three years hence.

For the rest of the aerospace industry, seeking to sell such aircraft as One-Elevens and HS-748s in the U.S. market, the surcharge must come as a severe blow, although it may not be so serious in the case of the HS-125 executive jet, which is being built and marketed in the U.S. in conjunction with Beech, the U.S. light aircraft manufacturer.

The U.S. market is one of the biggest for U.K. aerospace products, having taken over £10m. worth of aircraft so far this year, and over £21.2m. worth of engines.

Welcome from U.S. industry—with reservations

BY JUREK MARTIN

NEW YORK, August 16.

THE GENERAL reaction of America's business and financial leaders to President Nixon's package was favourable, though much confusion reigned on the specific application of some of his proposals.

A number of key officials stressed that in many ways Mr. Nixon's measures were unpalatable. Mr. David Rockefeller, head of Chase Manhattan Bank, observed that "I don't think that anyone should be very happy that this kind of statement was necessary, but anyone who has followed these matters shouldn't be surprised by it."

Mr. A. W. Clausen, chairman of Bank of America, the largest U.S. Bank, while commending the President, said that the programme was "clearly short term and tactical" and should not disguise the need for a longer-term economic strategy.

A number of industrial leaders, not all of whom are by any means persuaded by protectionist arguments, also expressed reservations about the consequences of the import surcharge, but all welcomed without exception the reintroduction of the investment tax credit. The machine tool industry, in particular, was delighted by the move.

However, by far and away the greatest concern centred on the effect of the President's programme on individual industries and it was here that the major uncertainty lay. It was, for example, not clear this morning whether the freeze of prices for 90 days would in fact prohibit certain companies from going ahead with increases that had already been announced and scheduled.

The car industry, while gratified by the proposal to repeal the 7 per cent. Excise tax, simply did not know this morning whether they would be permitted to put up the prices on their new model-year cars that are about to be introduced. If they are allowed to proceed with their increases, which average rather under 5 per cent., the effect

Mr. David Rockefeller

would be more or less to cancel out the reduction in prices that repeal of the Excise tax would cause and leave the cost of a new car at just fractionally below the level of a year ago. If they refrain from adopting the higher prices, a typical new car should cost about $200 less this year than last.

The industry was pretty certain that its competitive position vis-a-vis imports should be drastically improved. In the critical small car field, for example, the principal American products, the Ford Pinto and General Motors Vega, have generally cost as much as $200 more than the typical import. This gap could well now be eliminated. Ford only the other day said that it was going to increase the sticker price of its Pinto from $1,919 to $2,069: the end of the Excise tax would mean that this could drop to $1,952: if the price increases are rolled back, it would fall to $1,810.

The smallest American car company, American Motors, to-day said that its new year price increases had clearly been announced and instituted before the President spoke and that it did not plan to roll them back. The Big Three, however, were far more guarded in their public utterances.

At the same time, even though it would appear that imported manufacturers will benefit from the end of the Excise tax (unless the Congress enacts legislation specifically excluding them from the repeal), their pricing policies will inevitably be affected by the 10 per cent. import surcharge, which in fact amounts to a new tax of 10 per cent. of the landed assessed value of a car and not a surcharge of 10 per cent. on the current 3½ per cent. Customs duty. None of the importers here would venture to suggest what this would mean for their showroom sale prices, producers of mainly specialty cars, such as Volvo, appeared less worried than those in the thick of the cut-throat small car market, such as Volkswagen and the two Japanese companies, Toyota and Datsun.

The other industry with previously announced price increases in the pipeline is, of course, steel, and it would appear from the comment of Mr. Shultz that the Administration is prepared to veto those higher prices that would have taken effect in the course of the next 90 days. This may be somewhat academic since the steel industry order position is so sluggish at present that there is the very good chance that the industry will not be able to make these prices stick.

Bethlehem Steel has already deferred introduction of higher prices on cold rolled sheet until the New Year and there are persistent reports that mills are prepared to offer sizeable discounts from list prices in order to attract buyers.

At the same time, the 10 per cent. import surcharge ought to help dissuade many steel consumers from transferring their allegiance to cheaper foreign steel, though to what extent is a moot point. The steel industry hopes that the revaluation of a number of foreign currencies against the dollar combined with the surcharge will help minimise price differences: Mr. Stewart Cort, Bethlehem's chairman, today described Mr. Nixon's moves as "encouraging."

Organised labour's reaction has been, not surprisingly, notably guarded. Most of the major national labour contracts have been got out of the way, leaving only the dockers and the bituminous coal workers with negotiations outstanding . . . however, a number of wage contracts do contain provisions for increasing pay in the course of the next three months (such as the car workers) and the deferment of these is hardly going to be popular. The Federal Employees Union, which has seen a planned 5 per cent. increase postponed, has already made its displeasure known.

It is likely that the leaders of American trade unions are waiting to see how effective the freeze on prices will be before committing themselves to accepting a wages freeze. This has become the position of the AFL-CIO in recent months, to the extent that Mr. George Meany, its head, has gone to far as to say that he would accept a general programme of restraint provided it was applicable to prices as well as wages.

A number of companies did publicly pledge themselves to-day to the President's programme. Westinghouse was one, Cummins Engine, Orning-Glass, and American Motors were others.

The freeze on dividend increases should present little problem. Although coporate profits this year have been far healthier than in the two previous years there has been no concerted rush to pass on the benefits to shareholders. The number of dividend increases of late has been perilously few. (Ford was one company to increase its quarterly pay-out but this is a fairly notable exception.) Corporations generally went through such a difficult time in the past two years that the need to conserve cash remains uppermost in many of their minds.

World airlines may call a conference on fares

BY MICHAEL DONNE

THE WORLD'S airlines, through the International Air Transport Association, are keeping a close watch on the dollar situation, and may be obliged to call an emergency conference to consider changes in air fares. In the meantime, all world air fares will stay at current levels.

The IATA formula is that in the event of either a floating rate, or a direct devaluation, changing the present balance between the pound and the dollar by more than 5 per cent., there must be such an emergency conference.

This is because all transatlantic, trans-Pacific and Western Hemisphere fares are keyed to the dollar, while all European, Middle East, African and Asian fares are keyed to the pound.

In the present situation, it is still not clear what level the floating dollar will reach in relation to the pound, and so the IATA cannot say whether or not any conference will become necessary. It is probable that IATA will wait a few days to see if, and at what level, the dollar settles before taking any specific action.

In the event of any other countries taking unilateral action to revalue their currencies, there would have to be smaller, "local" conferences of airlines serving those countries to determine new fares levels for them.

If over the next few days it appears that an emergency conference of all the airlines is necessary, it will have to be called immediately, probably in either London or New York, despite the fact that the normal, regular IATA world-wide fares-fixing conference is already scheduled for Miami in September.

The latter meeting, however, has been scheduled for some months past, and is intended to fix all air fares for the new IATA "fares year" starting next April, to take account of inflation and other factors, such as sluggish traffic growth.

The purpose of any emergency conference would be to settle immediate changes in the levels of fares stemming from the U.S. Government's measures to safeguard the dollar.

Thus, the two conferences have entirely separate objectives, and there is no reason to assume at this stage that there is any intention of changing the plans for the September meeting.

At this time, it is also unlikely that the dollar situation will make much difference to the airlines' plans to bring in cheaper air fares on the North Atlantic from next April 1, regardless whether or not an "open rate" situation—or fares free-for-all—emerges on the route.

It is pointed out that there are still seven months to go before April 1 anyway, in which time almost anything can happen. The deadline for declaration of an impending "open rate" situation is September 1—the date by which Lufthansa, the only dissenting voice at the recent Montreal conference on North Atlantic fares, must say whether or not it intends to change its mind.

The view is that an "open rate" situation on the North Atlantic is almost certain to be declared for next April 1, and airlines will then consider their fares plans accordingly. But they have plenty of time in which to do this, whereas any changes stemming from the exchange rate situation is of much more immediacy.

It is probable, in fact, that the dollar situation has at least temporarily tossed the North Atlantic fares controversy into the background, and that for at least the next week or two the airlines will be more concerned with what is going to happen in the near future.

Slum clearing 'too slow in North'

MANY slum areas will still exist in the North of England in 1980, unless clearance is speeded up, says the Northern Economic Planning Council in a report published yesterday.

"If clearance were to continue at the meagre rate achieved last year (5,330), over 50,000 of the present unfit houses would still be standing in 1980—to say nothing of further dwellings falling into unfitness," says the report.

It also hits at the environment of the North, saying "It is precisely the treeless, barracks-like appearance of so many Northern housing estates which makes them so unattractive. Higher standards, in both private and public sectors, are vitally important."

Mr. Fuller Osborn, chairman of the working group which produced the report, said later that, to produce a reasonable adequate minimum standard of housing in the region, they had to clear 11,000 slum houses, build 25,000 and significantly improve another 25,000 every year for 10 years.

Dr. William Reid, chairman of the council, said: "This is not pie in the sky. We built 26,000 houses in 1968 when we set a target of 29,000. We slum-cleared 7,500 houses that year.

The scene yesterday at the Haymarket offices of American Express

Confusion reigns over travellers' cheques

BY JOHN HUNT

THE U.S. dollar sunk well below its floor of $2.42 against sterling in transactions involving travellers' cheques cashed at the London clearing banks yesterday.

With the closing of the foreign exchange markets the rate being quoted by the banks was the main indicator of the condition of the dollar.

During the day the rate offered against the pound by the banks was generally $2.46 to $2.52 but for a short time it went to $2.60. All the banks were offering different rates—an indication of the confusion prevailing.

Large crowds

A "rationing" system was also imposed with banks limiting the amount of travellers' cheques they were prepared to cash or sell. There was a similar limitation on the amount of dollars they would take in cash for sterling.

American Express continued to cash dollar travellers' cheques at $2.42½, the same rate that it had charged on Friday.

This drew large crowds of tourists to the company's office in the Haymarket, London, and at one time 500 were queuing. Earlier in the day there had been similar scenes at some bank branches.

Most of the pressure came from American tourists who were eager to cash their travellers' cheques following the news from Washington.

A Midland Bank official said that travellers' cheques were being purchased at $2.46 and there was a limit of £20 per customer, although the bank was prepared to go above this limit in certain circumstances.

At Barclays the rate was $2.32 and the bank was prepared to take dollars in cash or travellers' cheques up to a ceiling of $100 per person. He saw this margin as a minimum protection against dollar devaluation.

National Westminster said that the rate had gone briefly to $2.60 in the morning but had settled at $2.50 by the afternoon. It had been reduced when demand had fallen off from its peak earlier in the day.

Demand for sterling by people holding dollar travellers' cheques had been several hundred per cent. higher than normal, a National Westminster official said. At one time there had been queues at some branches stretching from the counter to the pavement outside. A limit of £50 was placed on transactions.

At Lloyds Bank the rate was $2.32 and a limit of £50 was placed on the acceptance of dollar travellers' cheques.

Banks were sensitive to the possibility that the drop in the value of the dollar might be seen as an attempt on their part to profiteer from tourists. One official, for instance, pointed out that the banks themselves were taking a considerable risk.

"What is the rate going to be for sterling to-morrow?" he demanded. "Who is going to tell me that? We could end up making a thumping loss."

He pointed out that the American tourists in Britain were faring far better than their counterparts in Germany, Holland or Italy where they had found that their dollars had shrunk 10 per cent. overnight against local currencies.

Previous closing

At American Express an official explained that its rate had been maintained because the company had to think of protecting the tens of thousands of its customers holding American Express travellers' cheques. The policy had been to base the rate on the previous closing quotation.

"It has always been the company's policy and always will be," he said.

SURCHARGE EXEMPTIONS

THE WHITE HOUSE said crude oil, petroleum, products, meat, sugar, dairy products and cotton textiles will not be subject to the 10 per cent. import tax surcharge announced by President Nixon. The surcharge was applied to dutiable imports not under quantitative restraints. The items listed by the White House are already subject to restraints and were exempted from the President's order. The import surcharge will not apply to the $100 allowance for returning American tourists who will still be permitted to bring in this amount of goods duty-free, the Treasury said. Reuter

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WORLD REACTIONS

Shocked Japan fears 10% drop in exports to U.S.

BY ALUIN CULLISON

TOKYO, Aug. 16.

JAPAN'S Government and business circles are convinced that the country's exports to the U.S. will fall off by at least $600m. yearly as a result of President Nixon's 10 per cent. import surcharge, according to shocked reaction throughout Tokyo to-day.

Almost every major industry in Japan is expected to be hit hard by the dramatic announcement from Washington. Based on tentative calculations by the Economic Planning Agency (EPA) during an emergency meeting this afternoon in Tokyo, officials of the Government organisation protested it is "not justifiable" for the Americans to establish such a trade barrier. But there was little that the Japanese Government felt it could do about the situation at this point.

Basically, the Japanese see President Nixon's eight-point dollar defence programme as tantamount to a 10 per cent devaluation of the dollar which will make the relatively undervalued strength of Japan's yen all the more conspicuous. Worries in Tokyo were that this would invite much increased international pressure for revaluation and stepped up liberalisation.

The Nixon statement was taken as a "double punch" to Japan's financial position and to the country's external trade. It was felt here that, like it or not, the Sato Administration will have to make substantial moves towards lowering import and foreign capital investment barriers or be prepared to change the parity of the yen. There also was recognition that the Government may be forced to enlarge its own fiscal spending programme to provide a new stimulus to the nation's lagging domestic economy.

It had been thought likely that the mini-recession which Japan's economy has experienced for the past 14 to 18 months would begin to bottom out by late autumn and full recovery would come in the spring. President Nixon's announcement has knocked such hopes in the head.

As matters now stand, there is now no reason to expect such a recovery to occur in 1972.

Some quarters in Japan this evening urged the Government to call for an urgent meeting of the International Monetary Fund and the General Agreement on Tariffs and Trade (GATT) to consider the U.S. move. It was generally agreed by private industry that President Nixon's latest measures could be undertaken as a means of pressuring Japan to give in to Washington's economic demands.

However, the pro-American Sato Government and ruling Liberal-Democratic Party to-day reached the common view that the Nixon plan was mapped out strictly as a domestic programme as a means of improving the American economy in preparation for the coming U.S. Presidential election.

But no one in Japan's Government or business community was blind to the fact that the announcement would have a very adverse effect on already deteriorating Japan-U.S. economic relations.

The Japanese, in perhaps overhasty criticism, contend that Mr. Nixon appears to be moving the U.S. toward outright trade protectionism as a result of his surprising economic policies. Opinion also is jelling here that Washington's real intention is to set the stage for a withdrawal of much of the eight-point programme in return for economic concessions from Japan.

Japanese business leaders claim this will become all too clear when the joint Japan-U.S. committee on trade and economic affairs meets in Washington in September. Government authorities, meanwhile, contend it is still too early to make such a charge and that in any event it would be in Japan's best interests to uphold the present value of the yen.

Officials of the Japanese Finance Ministry and the Bank of Japan said it was decided to open the Tokyo foreign exchange market to-morrow as usual. The decision was made on the ground that there would be no flux of short-term loans to Japan unlike European markets, they said.

IN BRIEF

ENMARK

NED ham exports to the ed States could be jeopard by the 10 per cent. import harge, according to meat sources. The surcharge d increase the present 3 s per lb duty to 13 cents lb. Canned meats account 0 per cent. of Danish exports e United States, and the bulk hese are canned hams.

e National Bank suspended gn exchange dealings. ulation here centred on her, in the case of a general luation of the major cures against the dollar, the ish Krone would follow, or ther the Danish Government d take the opportunity to in the advantages of an ect devaluation by retaining present dollar parity of e 750. It was notable that Friday the official Krone ation was fixed relatively to parity at S7.4935.

WEDEN

T CONCERN in Sweden has expressed at the introducof the 10 per cent. import harge. Last year, the U.S. ket rated as number six for dish exports and amounted S2,000m. (£170m.). In the half of this year Swedish rts to the U.S. have shown a g upswing amounting to 25 cent. over the same period year.

tivity on the stock exchange down with industrials geny weak, particularly those are major exporters to the

in many other places, gn exchange dealings were ended, but a spokesman for Swedish Banks Association they would have to be med within 48 hours if chaos be avoided.

PAIN

SIDENT Nixon's austerity sures have so far caused no ct on trading in U.S. dollars pain. Tourists were allowed xchange unlimited amounts J.S. dollars into pesetas or r currencies in accordance the normal rate published he State Gazette.

oreign trade operations, d on dollar payments, were carried out at normal rates exchange although the pribankers had hoped that the of Spain would issue an r to freeze provisionally the ign trade transactions.

ORWAY

NORWEGIAN Krone is g, and will probably follow r currencies if there is a ral revaluation against the r. Oslo banking circles said y. If currencies are allowed oat, the krone is likely to e upwards in relation to the r.

USTRIA

U.S. MEASURES are unome but do not pose a direct at to the Austrian schilling. was stated to-day by nce Minister Dr. Androsch in dio interview.

e Vienna Exchange market closed to-day. In view of many tourists in the country, ever, banks are willing to ge $200 per person and per in cash or checks according he source quoted last Friday h.24.44 to the dollar.

NETHERLANDS—The dollar ed at a new post-guilder ation low of 3.4200/4300 to-day. ers said. Dealings were quiet he afternoon.

West Germany prepares for early Group of Ten meeting

BY MALCOLM RUTHERFORD

BONN, August 16.

THE West German Government is clearly prepared for an early meeting of the Group of Ten following to-day's multi-lateral consultations with Mr. Paul Volcker, the U.S. Under-Secretary at the Treasury.

But, apart from sending a high power team to the talks, it is proposing no immediate German initiative. The official reaction to President Nixon's speech is a mixture of welcome that the Americans seem seriously prepared to discuss international monetary reform, plus concern about the degree of trade protectionism.

An Economics Ministry statement said the Government would press that there should be no disadvantageous effects on the freedom of trade or on the freedom of payments movements.

The Government is also perhaps more concerned than it is ready to admit in public about the effect of the new U.S. import surcharge on the German export industry, which is already up in arms about the effects of the floating of the D-mark.

The Economics Ministry was to-day faced with a new barrage of requests for Government subsidies from industrial federations, although most individual companies said they were too uncertain about the details of the American measures to make any precise estimate of their effects.

According to Government sources, however, the import surcharge will not be quite as severe as first reports suggested.

For the key case of the German car industry, the new levy will amount to 6.5 per cent., because a 3.5 per cent. levy is already in force and the maximum levy possible under existing legislation is 10 per cent. Government sources also stressed that the measures were expressly intended to be only temporary.

Such reassurances, which came late in the day, failed to prevent the German Stock Market having its sharpest fall this year. The slow moving Herstatt industrial index declined two points to 103.20 with automobiles, electricals, chemicals and banks especially hit. Volkswagen, already in a weak position and selling about one-third of all its cars produced in Germany to the U.S., was off DM.7 in Dusseldorf.

The Foreign Exchange markets, in common with almost everywhere else were closed and dealers thought it unlikely they would reopen before Wednesday at the earliest.

In very limited intra-bank dealings, the dollar opened at DM3.30, equivalent to a de fact D-Mark revaluation of nearly 11 per cent. The dollar firmed during the day to around DM3.370, not far below Friday's official fixing of DM3.3830.

The general feeling, however, is that it is essential to await the outcome of the London talks, to which the Germans have sent Dr. Otmar Emminger, the vice-president of the Bundesbank, Dr. Schoellhorn, State Secretary in the Economics Ministry, and Dr. Hankel, the Ministry's chief monetary expert.

All three of them are advocates of far-reaching monetary reform. Prof. Schiller, the Economics Minister, will be back in Bonn to-morrow after a long holiday and Dr. Klasen, the Bundesbank president, will be back in Frankfurt. It is likely that between them they will continue to press for a collective Common Market float against the dollar, with German assistance to the weaker community currencies if necessary.

One of the key points in their argument has always been that with the growth of inter-Common Market trade, the member countries are no longer unduly dependant on trade with the U.S. In the German case, for example, the U.S. is now down to the No. 3 market for German goods after France and Holland. German exports to the U.S. last year were worth around DM11,400m., or just over 9 per cent. of total exports.

This is no consolation to individual companies with a much heavier involvement, but in this case the possibility of some limited Government help is not ruled out.

EEC hurriedly assembles to consider members' positions

BY OUR OWN CORRESPONDENT

BRUSSELS, August 16.

MEMBERS of the Common Market's nine-man executive commission to-day hurriedly cut short their holidays to return to Brussels for an emergency meeting to consider the EEC's position following the effective floating of the dollar.

To-morrow's meeting will follow a special session of the Common Market Monetary Committee in the afternoon and an emergency council of the Six's Finance Ministers was also expected within the next few days.

In an official statement the Commission to-day stressed the need for the Six to concert their position "in view of ensuring the defence of their interests and the re-establishment of international monetary order."

Commission officials believe that the result of the U.S. move is to face the Community with a choice between concertation and virtual disintegration—and thus force them into a common position.

Besides the affect of the EEC's plans for economic and monetary union the Six need to maintain a level of exchange rate rigidity in a community where 50 per cent. of members' trade exchanges are internal.

The minimum needed would be a concerted system of EEC Central Bank intervention to keep members' currencies in line by supporting the weaker and taking the pressure off the stronger ones

But beyond this a general realignment of EEC currencies also appears necessary. The problems are, if possible, even more acute in the farm sector where common prices, levies and subsidies are calculated in terms of a unit of account pegged to the gold price of the dollar.

In EEC terms the main consequence of last May's D-Mark quote was the setting up of the complex border tax system to compensate German farmers for the upward move of the German currency. Similar measures followed the mark revaluation and franc devaluation.

Meanwhile the Belgian Foreign Exchange market is expected to remain closed on Tuesday and Wednesday and possibly longer.

Initial reactions to the U.S. float in official Belgian circles was "regrettable because it is unilateral."

It threatened to undermine the very foundations of the international payments system and to "create disorder rather than resolve problems that can only be settled through dialogue and consultation."

Swiss industry upsets

BY JOHN WICKS ... ...

ZURICH, August 16.

ISS foreign exchange markets ing been closed, the Cabinet an emergency meeting this rning, decided to set up a cial working party of repretatives of Government and National Bank to examine in ail the situation created by U.S. measures and to report Parliament. A spokesman for Federal Council (Governnt) said Switzerland would d close consultations with er West European countries, l any future decisions should based on such talks. It was immediately known, however, ether any Swiss representaes will travel abroad for nsultations.

Generally speaking, the U.S. tement came as very much of urprise to the Swiss, who had en expecting a quietening-down the monetary unrest this ek following their own proamme to fend off hot money m abroad. Some sort of move d been expected by the nerican Government but not cessarily at this juncture.

Opinions are split here as to virtue of the new moves. hile bankers in particular are t displeased to see some sort action instead of just words—en though not a few would most have preferred dollar valuation with all its faults as more straightforward approach the problem—industry is up about the import levy which, is estimated, will affect some per cent. of all Switzerland's ports to the United States.

A largely nominal free market llar rate of S.Frs.3.80/4.00 was ing quoted in Zurich to-day. senior banker said, although actically no transactions were king place.

The Swiss stock exchanges mained open to-day, though ey did not deal in foreign ocks due to the uncertainty ith regard to exchange rates. wiss shares suffered to some tent from the announcement the U.S. 10 per cent. on imrts, though losses did not xceed about 3.5 per cent.

The Swiss National Bank anounced to-day it will not operate the foreign exchange market morrow.

French reactions are cautious

BY ADRIAN DICKS

PARIS, August 16.

FRENCH official reactions to Mr. Nixon's package were cautious to-day, and no official statement is expected until after the emergency meeting called by M. Pompidou for Wednesday afternoon. By that time the French Government will have had the benefit of the London talks o-day and those due to be held in Brussels to-morrow under the aegis of the Common Market Monetary Committee, of which M. Bernard Clappier, deputy governor of the Banque de France, is chairman.

The French President, who is holidaying on the Riviera, received a personal letter from Mr. Nixon in the small hours of this morning, explaining the U.S. measures, but they fell as a complete surprise in Paris, where the Banque de France, commercial banks and most other financial and monetary institutions were in any case due to remain closed for the Assumption Day national holiday.

The first impression of officials, financial observers and the French public alike is that the Americans have devalued by ending the gold convertibility of the dollar. Commentators have been predicting for some weeks that Washington would eventually be forced to take this step. However, the Finance Minister, M. Giscard d'Estaing, has repeatedly denied that France's conversion of a total of some $470m. since the beginning of this year was intended to embarrass the U.S. Treasury, and has maintained that it was strictly limited to the terms of France's repayment of its debts to the IMF.

There are two immediate problems for the French Government. First, it must decide whether the exchange markets, when they are eventually allowed to reopen, will be allowed to decide on a new dollar-franc parity, or if not, what the Central Bank intervention rate will be. Up to last Friday—a day when the Banque de France had to buy about $100m.—the intervention rate has been 5.513.

As yet no decision has been taken on when the market will reopen: in the only exchange dealings reported to-day (those at hotels, airports, stations and other offices serving tourists) rates were quoted anywhere between the official parity and Frs.5 to the dollar—equivalent to a devaluation of 11 per cent.

The second problem for France is to try to patch up its monetary differences with West Germany. If the emergency meeting in London to-day of Group of Ten members, followed by that of EEC members in Brussels tomorrow, results in formal revaluation of at least the D-Mark, it should be much easier for France to take a more positive attitude towards a general realignment of European currencies without serious loss of face.

Effects on Canada uncertain

By Our Own Correspondent

TORONTO, August 16.

THE EFFECT on Canada of President Nixon's moves to strengthen the U.S. economy could range from disastrous to merely irritating. The simple fact that the U.S. annually takes about 70 per cent. of Canada's total exports and that it is Canada's largest source of outside capital makes it inevitable that Canada will be intimately affected by the moves.

Of Canada's total exports of SC10,200m. in the first seven months of this year, SC6,900m. went to the U.S. However large amounts of exports will be unaffected by the 10 per cent. surcharge imposed on imports by the U.S. The seven month export figures, just announced to-day, did not give a breakdown by commodities shipped to the U.S.

However two large segments—motor cars and petroleum—will not be affected. In the first six months of the year Canada's exports of motor vehicles and parts to the U.S. totalled SC2,100m. while petroleum exports were about SC400m.

President Nixon's moves could in fact stimulate employment in the motor-car industry in Canada as well as the United States. Repeal of the 7 per cent. excise tax on motor-cars, which would reduce the price by about $200 with the idea of creating jobs in the U.S. industry, would mean more production and more jobs in Canada if demand for North American cars is stimulated. The danger is that this could give the Nixon Administration extra leverage in demanding the abolition of certain safeguards in the Canadian-U.S. agreement for free trade in motor-cars.

A great deal depends on the relationship that develops between the Canadian and U.S. dollars on the foreign exchange market. The Canadian dollar has been floating for 14 months and of late appears to have settled at a value of between one and two cents below par with the U.S. dollar.

If the Canadian dollar stays within its recent range, Canadian exporters will have to worry only about the 10 per cent. surcharge on U.S. imports. In a great many cases the demand for Canadian goods is so strong that the surcharge is not expected to represent any great barrier to sales to the United States.

S. Africa gold worry

By Our Own Correspondent

JOHANNESBURG, Aug. 16.

WITH all foreign currency transactions suspended in Johannesburg until further notice from the Reserve Bank, Finance Minister Nico Diederichs has come down against making a public statement on the Nixon measures until he has received reports on the London talks being held by Mr. Volcker.

Financial circles in Johannesburg are making the obvious points that the implications for South Africa could be serious. In the first place South Africa has one of the highest external trade to Gross National Product ratios in the world, and therefore has a vital interest in International exchange rate flexibility.

In the second place any resolution in the present crisis which diminished the role of gold in the international monetary system could do considerable damage to the Transvaal and OFS gold mines and to the whole South African economy.

Mr. Volcker's remarks in London that the role of gold in the international monetary system had, and would continue to be, diminished were greeted with some alarm in official circles in Pretoria. Sources said it was disturbing that South Africa had apparently not been invited to participate in the London talks.

Italy hopes for EEC unity

BY PETER TUMIATI

ROME, August 16.

ITALIAN officials to-day expressed the hope that the European Economic Community would adopt a common attitude towards the situation created by President Nixon's measures. Prime Minister Emilio Colombo interrupted his holidays on the island of Ischia and returned to Rome, where his cabinet and top economic experts were to meet this evening. The Bank of Italy closed the currency market until further notice.

The crisis caught Italy on the last day of the "Ferragosto" midsummer holiday, with all business closed for the day.

As the Italian bourses are closed for their August holiday until next week, the only practical repercussions to-day concerned the airport exchange offices and the hotels.

The Italian economic situation was reported to-day to be fairly strong. The last official reserve figure was for the end of June, when it stood at lire 3,746,000m. (about £2,947m.), of which lire 1,802,000m. were in gold and lire 1,660,000m. in convertible currencies. Since then reserves in convertible currencies are believed to have increased. Last week, the Bank of Italy had to buy about $250m., about half of this on Friday alone.

Italy has a deficit on trade with the U.S. Italian exports to the U.S. are particularly vulnerable. A considerable percentage of them is accounted for by what might be considered luxury items, textiles and shoes.

President Nixon's speech: full text

The following is the full text of President Nixon's address released by the White House after his television broadcast on Sunday night.

I HAVE addressed the nation a number of times over the past two years on the problems of ending a war. Because of the progress we have made toward achieving that goal, this Sunday evening is an appropriate time for us to turn our attention to the challenges of peace.

America to-day has the best opportunity in this century to attain two of its greatest ideals; to bring about a full generation of peace, and to create a new prosperity without war.

This not only requires bold leadership ready to take bold action—it calls forth the greatness in a great people.

Prosperity without war requires action on three fronts: we must create more and better jobs; we must stop the rise in the cost of living; we must protect the dollar from the attacks of international money speculators.

We are going to take that action. Not timidly, not half-heartedly, not in piecemeal fashion. We are going to move forward to the new prosperity without war as befits a great people—all together, and along a broad front.

The time has come for a new economic policy for the United States; its targets are unemployment, inflation and international speculation. Here is how we are going to attack them.

More jobs

First, on the subject of jobs.

We all know why we have an unemployment problem: 2m. workers have been released from the Armed Forces and defence plants because of our success in winding down the war in Vietnam.

Putting those people back to work is one of the challenges of peace, and we have begun to make progress. Our unemployment rate to-day is below the average of the four peacetime years of the '60s. But we can and must do better.

The time has come for American industry, which has produced more jobs at higher real wages than any other industrial system in history to embark on a bold programme of new investment in production for peace.

To give that system a powerful new stimulus, I shall ask the Congress when it reconvenes after its summer recess to consider as its first priority the enactment of the Job Development Act of 1971.

I propose to provide the strongest short-term incentive in our history to invest in new machinery and equipment that will create new jobs for Americans: a 10 per cent. job development credit for one year, effective as of to-day, with a 5 per cent. credit after August 15, 1972.

This tax credit for investment in new equipment will not only generate new jobs, but will raise productivity and make our goods more competitive in the years ahead.

I propose to repeal the 7 per cent. excise tax on automobiles, effective to-day. This will mean a reduction in price of about $200 per car.

I shall insist that the American auto industry pass this tax reduction on to its nearly 8m. customers who are buying automobiles this year. Lower prices will mean that more people will be able to afford new cars, and every additional 100,000 cars sold means 25,000 new jobs.

I propose to speed up the personal income tax exemptions scheduled for January 1, 1973, to January 1, 1972—so that taxpayers can deduct an extra $50 for each exemption one year earlier than planned. This increase in consumer spending power will provide a strong boost to the economy in general and to employment in particular.

The tax reductions I am recommending, taken together with the broad upturn of the economy which has taken place in the first half of this year, will move us strongly toward a goal this nation has not reached since 1956—prosperity with full employment in peacetime.

Looking to the future, I have directed the Secretary of the Treasury to recommend to the Congress in January new tax proposals for stimulating research and development of new industries and new technologies to help provide the 20m. new jobs that America needs for the young people who will be coming into the job market in the next decade.

To offset the loss of revenue from these tax cuts which directly stimulate new jobs, I have ordered a $4,700m. cut in Federal spending.

Foreign aid cut

Tax cuts to stimulate employment must be matched by spending cuts to restrain inflation. To check the rise in the cost of government, I have ordered postponement of pay rises and a 5 per cent. cut in Government employment. I have ordered a 10 per cent. cut in foreign economic aid.

In addition, since the Congress has already delayed action on two of the great initiatives of this Administration, I will ask Congress to amend my proposals to postpone the implementation of revenue sharing for three months and welfare reform for one year.

In this way, I am reordering our budget priorities to concentrate more on achieving full employment.

The second indispensable element of the new prosperity is to stop the rise in the cost of living.

One of the cruellest legacies of the artificial prosperity produced by war is inflation. Inflation robs every American. The 20m. who are retired and living on fixed incomes are particularly hard hit.

Homemakers find it harder than ever to balance the family budget; and 80m. wage earners have been on a treadmill: in the four war years between 1965 and 1969, their wage increases were completely eaten up by price increases. Their pay-cheques were higher, but they were not better off.

We have made progress against the rise in the cost of living; from the high point of 6 per cent. a year in 1969, the rise in consumer prices has been cut to 4 per cent. in the first half of 1971. But just as in our fight against unemployment, we can and must do better.

The time has come for decisive action to break the vicious circle of spiralling prices and costs.

President Richard Nixon after his nationwide speech on American television

I am to-day ordering a freeze on all prices and wages throughout the United States, for a period of 90 days. In addition, I call upon corporations to extend that wage-price freeze to all dividends.

I have to-day appointed a cost-of-living council within the Government. I have directed this council to work with leaders of labour and business to set up the proper mechanism for achieving continued price and wage stability after the 90-day freeze is over.

Free enterprise

Let me emphasise two characteristics to this action: one, it is temporary. To put the strong, vigorous American economy into a permanent straitjacket would lock in unfairness and stifle the expansion of our free enterprise system.

Two, while the wage-price freeze will be backed by Government sanctions if necessary, it will not be accompanied by the establishment of a hugh price-control bureaucracy. I am relying on the voluntary co-operation of all Americans—workers, employers, consumers—to make this freeze work.

Working together, we will break the back of inflation, and we will do it without the mandatory wage and price controls that crush economic and personal freedom.

The third indispensable element in building the new prosperity is closely related to creating new jobs and halting inflation. We must protect the position of the American dollar as a pillar of monetary stability around the world.

In the past seven years, there has been an average of one international monetary crisis every year. Who gains from these crises? Not the working-man, not the investor, not the real producers of wealth. The gainers are the international money speculators. Because they thrive on crises, they help to create them.

In recent weeks, the speculators have been waging an all-out war on the American dollar. The strength of a nation's currency is based on the strength of that nation's economy—and the American economy is by far the strongest in the world.

Accordingly, I have directed the Secretary of the Treasury to take the action necessary to defend the dollar against the speculators.

Other assets

I have directed Secretary Connally to suspend temporarily the convertibility of the dollar into gold or other reserve assets, except in amounts and conditions determined to be in the interest of monetary stability and in the best interest of the United States.

Let me lay to rest the bugaboo of devaluation. What does this action mean for you?

If you want to buy a foreign car, or take a trip abroad, market conditions may cause your dollar to buy slightly less. But if you are among the overwhelming majority who buy American-made products in America, your dollar will be worth just as much to-morrow as it is to-day.

The effect of this action will be to stabilise the dollar.

This action will not win us any friends among the international money traders. But our primary concern is with the American workers, and with fair competition around the world.

To our friends abroad, including the many responsible members of the international banking community who are dedicated to stability and the flow of trade, I give this assurance: the United States has always been, and will continue to be, a forward-looking and trustworthy trading partner.

In full co-operation with the international monetary fund and those who trade with us, we will press for the necessary reforms to set up an urgently needed new international monetary system.

Stability and equal treatment is in everybody's best interest. I am determined that the American dollar must never again be a hostage in the hands of the international speculators.

I am taking one further step to protect the dollar, to improve our balance of payments, and to increase U.S. jobs. As a temporary measure, I am to-day imposing an additional tax of 10 per cent. on goods imported into the United States. This is a better solution for international trade than direct controls on the amount of imports.

This import tax is a temporary action—not directed against any other country, but an action to make certain that American products will not be at a disadvantage because of unfair exchange rates. When the unfair treatment is ended, the import tax will end as well.

Competitive

As a result of these actions, the product of American labour will be more competitive, and the unfair edge that some of our foreign competition has had will be removed. That is a major reason why our trade balance has eroded over the past 15 years.

At the end of World War II, the economies of the major industrial nations of Europe and Asia were shattered. To help them get on their feet and to protect their freedom, the United States has provided $143,000m. in foreign aid. That was the right thing for us to do.

To-day, largely with our help, they have regained their vitality and have become strong competitors. Now that other nations are economically strong the time has come for them to bear their fair share of the burden of defending freedom around the world.

The time has come for exchange rates to be set straight and for the major nations to compete as equals. There is no longer any need for the U.S. to compete with one hand tied behind her back.

The range of actions I have taken and proposed to-night—on the job front, on the inflation front, on the monetary front—is the most comprehensive new economic policy to be undertaken by this nation in four decades.

We are forutnate to live in a nation with an economic system capable of producing for its people the highest standard of living in the world; flexible enough to change its ways dramatically when circumstances call for change; and most important—resourceful enough to produce prosperity with freedom and opportunity unmatched in the history of nations.

The purposes of the Government actions I have announced to-night are to lay the basis for renewed confidence, to make it possible for us to compete fairly with the rest of the world, to open the door to a new prosperity.

But government, with all its powers, does not hold the key to the success of a people. That key, my fellow Americans, is in your hands.

A nation, like a person, has to have a certain inner drive in order to succeed. In economic affairs, that inner drive is called the competitive spirit.

Every action I have taken to-night is designed to nurture and stimulate that competitive spirit, to help us snap out of that self-doubt and self-disparagement that saps our energy and erodes our confidence in ourselves.

Challenge

Whether this nation stays number one in the world's economy or resigns itself to second or third or fourth place; whether we as a people instil our faith in ourselves, or lose that faith; whether we hold fast to the strength that makes peace and freedom possible in this world, or lose our grip—all that depends on your competitive spirit, your sense of personal destiny, your pride in your country and in yourself.

We can be certain of this: as the threat of war recedes, the challenge of peaceful competition increases.

We welcome this competition, because America is at her greatest when she is called on to compete. And no nation has anything to fear from our competition, because we lead our competitors on to new heights for their own people

As there always have been in our history, there will be voices urging us to shrink from that challenge, to build a protective wall around ourselves, to crawl into a shell as the rest of the world moves ahead.

Best days

Two hundred years ago, a man wrote in his diary: "Many thinking people believe America has seen its best days." That was just before the American Revolution in 1775; at the dawn of the most exciting era in the history of man.

To-day, we hear the echoes of those voices, preaching a gospel of gloom and defeat, saying that same thing: "We have seen our best days."

Let Americans reply: "Our best days lie ahead."

As we move into a generation of peace, as we blaze the trail toward the new prosperity, I say to every American: let us raise our spirits. Let us raise our sights. Let all of us contribute all we can to the great and good country that contributes so much to the progress of mankind.

Let us invest in our nation's future: and let us revitalise that faith in ourselves that built a great nation in the past, and will shape the world of the future.

COMPANY NEWS+COMMENT

Hattersley Stelrad puts 2½% on dividend

A FINAL dividend of 22½ per cent. by Hattersley Stelrad raises the total from 35 per cent. to 37½ per cent. for the period ended April 3, 1971.

From a turnover of £6.79m. (£5.19m.), group profit, before tax and exceptional items, shows an advance from £818,358 to £1,287,223.

Results for 1970-71 include profits of the group except Belkon (formerly Bekon Bell), which is included for the period subsequent to acquisition, July 1, 1970. Results for 1969-70 include profits of the company and Hattersley Brothers for the year ended March 31, 1970; Steel Radiators for the period January 1, 1969 to March 31, 1970; Schmiga Metalworks for period April 3, 1969, to March 31, 1970.

Excluding profits of Belkon from 1970-71 and profits of Steel Radiators from 1969-70, the profit before tax and exceptional items for 1970-71 amounts to £1,105,000 compared with an estimated profit of £700,000 for the previous 1969-1970 period.

	1970-71 £	1969-70 £
External turnover	6,795,856	5,190,395
Trading profit*	1,266,443	766,424
Interest receivabl.	20,778	51,934
Profit	1,287,223	818,358
Taxation	528,206	323,237
To equalisation	7,500	45,500
Exceptional items†	175,517	10,198
Attributable	576,000	436,423
Ordinary interim	158,160	133,660
Final proposed	237,240	204,890
Profit retained	180,600	77,883

* After depreciation £144,922 (£139,312). † Comprises £195,750 (nil) written off fixed assets including obsolescence (less tax), less profit on factory sale £20,233 (£10,198).

The group makes gas boilers, solid fuel appliances and engineering castings.

● comment

Although Hattersley-Stelrad has not been asleep as far as physical growth is concerned with volume production up by about 35 per cent. overall thanks to increased capacity and new methods of production, the real boost in 1970-71 came from the restoration of margins. It seems that while HS had been absorbing a good part of the cost increases over the past few years, it decided last summer—on the strength of a 40 per cent. market share—to put up its prices. On a comparable basis, the group increased pre-tax profits by more than 70 per cent. as well as boosting profit margins by about a quarter to 19 per cent. So with order books running 20 per cent. or so ahead and hopes that volume production will rise in line, it looks as if the growth will not tail off over 1971-72. On earnings of 14.4p a share, the shares at 175p—up 5p last night—on a p/e of just under 12 could go higher.

Extra 5% by Ward & Goldstone

A FINAL dividend of 14 per cent. by Ward and Goldstone raises the total from 15 per cent. to 20 per cent. for the year ended March 31, 1971.

Pre-tax profits were up from £1.24m. to £1.99m. following the rise to £690,000 (£522,000) at half-way.

	1970-71 £	1969-70 £
Trading profit	2,716,368	1,922,769
Surplus sales fixed assets	5,244	—
From invest. grants account	44,605	42,061
Depreciation	664,561	566,027
Bank interest	69,599	121,795
Mortgage interest	11,430	11,430
Hire of machinery	23,910	9,664
Auditors' remuneration	4,958	4,803
Loss sales fixed assets	—	593
Pre-tax profit	1,993,781	1,240,518
Tax	795,892	559,503
Net profit	1,197,889	681,015
Minorities	5,244	5,771
Attributable balance	1,192,645	675,444
Dividends	564,637	424,877
Carry forward	2,692,720	2,054,712

The group manufactures insulated wires and cables, electrical accessories and plastics.

● comment

That Ward and Goldstone has exceeded unofficial half time expectations—pre-tax profits rose by 81 per cent. in the last six months compared with 32 per cent. in the first—is confirmed in the 9p rise in the share price last night to 131p. The overall 61 per cent. rise at taxable level is enhanced further by the lower tax charge and earnings per share of 10.6p (compared with 6p last year) suggest a p/e of 12.2, a rating that looks on the conservative side.

INDEX TO COMPANY HIGHLIGHTS

Ashworth & Steward holds 15%

FROM SHARPLY reduced profits Ashworth and Steward (Holdings) is maintaining its dividend at 15 per cent. for the year to February 28, 1971, with a final of 10 per cent.

The group pre-tax figure was £143,524, against a forecast of not materially different from the £239,921 for the previous year. The company is engaged in property investing, developing and building.

The results include a loss in the house building division of £19,911 before interest charges against a profit of £25,325. This division is being reorganised and the Board is confident that it will return to profitability in the current year.

The value of ground rents has been written down to the lower of cost or eight years purchase and £88,517 representing the amount written off after relief from tax has been charged directly against general reserve.

	1970-71 £	1969-70 £
Profit before tax	143,524	239,921
Taxation	90,100	116,108
Net profit	53,724	123,813
Terminal loss*	4,869	22,147
Dividends	48,039	47,273
General reserve	—	50,000
Forward	84,804	86,236

* On contracting

The managing director, Mr. A. W. J. E. Jordan and his family interests have waived their right to receive the interim dividend on all their Ordinary shares and the final dividend on 707,200.

Meeting, September 27.

● comment

After just missing its forecast in 1969-70, Ashworth and Steward has done even worse in 1970-71—by slipping 40 per cent. below the unchanged total projected last January. Apparently the shortfall is largely explained by a £60,000 writing-down of some building land which has now been sold. So with this charge now absent, Ashworth seems confident of recovery and there is some solid evidence to back this up. For one, housebuilding is now making good progress in line with the sector as a whole: in addition rental income this year should be over the £½m. mark, helped in large part by the letting of the major Leamington Spa scheme which should bring in £56,000 in a full year. In any event a p/e of 20.6 at 57p expects the latest profits performance to prove no more than a temporary hiccup and would drop to 9 on a full-recovery.

Same 17½% by Joseph Webb

Directors of Joseph Webb and Co. are maintaining the dividend at 17½ per cent. for the year to March 31, 1971, with an unchanged 10 per cent. final.

Pre-tax profits were up from £110,000 to £179,700 after being down at £45,274 (£50,592) at half-way. In February, results similar to the previous year were anticipated.

Directors say the profit increase was helped by an improved turn-round in the contribution from estate and property development for the second half, due to land sales in the period, in conjunction with a substantial increase in profit from Holimarine, representing leisure interests, and supported by a steady property investment income.

A tax saving of £35,000 arising in the year from the new depreciation allowances has been retained in the business. In previous years amounts for depreciation have been written off freehold buildings at holiday villages. It is considered these amounts should be appropriated to a Building Reserve (holiday villages). The amount in the year is £8,800 and figures for previous years have been adjusted accordingly.

It is intended to sell certain land holdings which will again provide a significant contribution to next year's profit. Principally, however, an increasing return from the Holimarine Holiday Centres is anticipated together with a continued rise in investment income. Generally, the Board anticipates that further growth in profits should be achieved.

	1970-71	1969-70
Turnover	735,900	975,400
Trading profit	265,400	226,200
Interest charges	85,700	116,200
Profit before tax	179,700	110,000
Tax	29,900	53,900
Net profit after taxation	149,800	56,100
Preference dividend	18,750	18,750
Available	131,050	37,350
Dividends	75,637	33,007
To reserves	95,413	4,343

Mr. J. M. Webb, chairman, and Mrs. Webb intend to waive their final dividends (£11,096) on £110,960 of Ordinary capital.

Meeting, September 24.

B. Wardle first half setback

ON SALES of £3,744,706, against £4,195,937, group profit of Bernard Wardle and Co. fell sharply from £240,900 to £41,104 for the 28 weeks to June 13, 1971, subject to tax of £16,444, against £108,405.

With order books overall in good shape and a brighter trading prospect ahead the directors anticipate a second half pre-tax profit of at least £300,000 (£251,000) and that £340,000 to £400,000 is confidently expected to contain the result for the year to November 28, 1971, against £492,263.

An unchanged total dividend of 22½ per cent. is forecast, of which a 10 per cent. (same) interim is declared.

Chairman, Mr. D. A. Boothman, reports that the fabrics company suffered from late delivery of major new equipment and subsequent severe start-up problems in the first half.

These had now been largely overcome and the fabrics division was expected to break even for the full year, after the first-half loss.

He adds that the improvement of Hispeed Plastics was going according to plan. "After a long and difficult struggle this company has justified our confidence by moving from the very heavy loss situation reported at the year-end to a current position of marginal profitability."

● comment

Bernard Wardle's fortunes have again slumped dramatically with first-half pre-tax profits shrivelling to less than one-fifth of the 1969-1970 first-half level. The setback is blamed on the postal and Ford strikes which cut the ground from under the feet of most sections—the fabrics division in particular, which apart from taking a knock from its heavy dependence on the mail order business, also suffered the late delivery of essential equipment. However, an equally dramatic upturn is now expected. The group is further confident that the momentum of the recovery in the current half will be carried into the first half of 1971-1972. Annualising that gives 1971-72 prospective earnings of 1.95p a share and a p/e of 9.4 at 18¼p—which is rightly cautious given that the end of the next financial year is 15 months away.

Scottish Eastern Trust

Gross revenue of the Scottish Eastern Investment Trust was £1,120,382 for the half year to July 31, 1971, against £1,190,774 in the previous corresponding period. For 1970-71, the figure was £2,259,312.

An unchanged 5 per cent. interim dividend is declared—the prevous final was 8 per cent. Valuation of investments and deposits including where applicable the full London dollar premium of £4,382,418 (£4,121,847 at January 31, 1971) amounted to £66,733,466 (£57,603,535) and net asset value per 25p Ordinary was 131p (111p).

A. Preedy sees improvement

Mr. H. L. Preedy, chairman of Alfred Preedy and Sons, hopes for a marked improvement in the half-year figures to September, 1971. He also anticipates an improvement in income from property investment in the current year.

Directors are continuing to pursue an active policy with regard to property holdings and repairs and maintenance are watched very carefully and kept up to date. The letting of the former head office and warehouse in Dudley is proceeding well. There has been a fairly heavy expenditure on repairs and alterations in this financial year and this part of the activities is likely to expand in the years to come.

As reported on July 17, pre-tax profits for the year to March 27, 1971, was £183,636 (£188,416). The dividend is held at 16½ per cent.

The group trades as wholesale and retail tobacconists, confectioners, etc., and as retail newsagents. Meeting, Dudley, September 9 at 5.45 p.m.

31% from AGB Research

AGAINST 27 per cent. forecast, AGB Research is paying a total dividend of 31 per cent., on capital increased by a one-for-ten scrip issue, for the year ended April 30, 1971. The final is 20 per cent.

The company was made public in January, 1970. For the period the dividend was 16 per cent., equal to 27 per cent. in a full year.

A further one-for-ten scrip issue is proposed.

Group profit for 1970-71 has risen from £243,303 to £300,685, subject to tax of £128,574 (£119,889).

● comment

With its share price virtually double the January, 1970, flotation level, AGB has quite a market status to justify. This it seems to be doing. Profits jumped 61 per cent. in 1969-70 pre-tax and the latest performance is a rise of 23 per cent. But whether it can continue to come across with the goods remains to be seen. There are signs within the industry that market research is going through a rough patch with demand feeling the same sort of pinch that is currently affecting advertising. AGB, however, feels that with its dependence on services syndicated under contract it will not only avoid the general trend but it will manage to carve out further good growth. This being the case a p/e of 20 at 107p looks justified.

M. Meyer sees profit growth

A CONTINUED growth in profits for timber merchants, Montague L. Meyer "and on a less cyclical basis than in the past" is seen by the chairman, Mr. J. M. Meyer.

There is room for improvement, Mr. Meyer says, but after taking recent acquisitions into account he is much more satisfied with the shape of the group that is now emerging. The balance between wholesaling, merchanting and manufacturing gives not only strength in depth but also greater flexibility.

The Board is not too happy with the return on investment from some sectors of the traditional wholesale distribution business. While this is not necessarily going to persist, it makes directors study how they can further reduce costs and increase the rate of profitability in these sections.

As reported on July 30, pre-tax profits improved from £1.29m. to £1.49m. and the dividend is 12 per cent. (11 per cent.).

Following the difficulties experienced in Australia, it was decided to acquire the minority interest in the company and place group personnel in full management control, with the result that a profit has been achieved. From now on a reasonable return on the investment and gradual expansion in the future is expected.

Chairman's statement Page 19

Second Great Northern Trust

The modest dividend increase in 1970-71 by the Second Great Northern Investment Trust was made having regard to the substantial revenue balance brought forward and to the revenue outlook for the current year, states the new chairman, Mr. J. A. Lumsden.

"There seems . . . some reason to think that Britain may be entering a period when the outlook for industrial profits and for investment should be favourable"—but the chairman stresses that this will be dependent upon at least some material reduction in the current high inflation rate.

For the U.S. he feels that although it is difficult to envisage a serious setback occurring, the trust would not wish to increase its stake there further until the outlook is a little clearer.

In Japan the outlook still appears encouraging and "we shall look for opportunities to make some increase in our investment in that country."

As reported July 13 revenue, before tax, amounted to £323,517 (£327,517) and the dividend is 7.8 per cent. (7.25 per cent. equivalent). A maintained 3 per cent. interim has also been declared in respect of the current year.

The Duke of St. Albans, chairman of Industrial Midlands Investment Trust, addressing shareholders at yesterday's annual meeting.

DIVIDENDS ANNOUNCED

	Current payment %	Date of payment	Corresponding div. %	Total for year %	Total last year %
AGB Research	20	—	—	31	—
Ashworth & Steward	10	Sept. 27	10	15	1115
Cornell Dresses int.	8¼	Sept. 28	8¼	—	25
Hattersley Stelrad	22½	—	20	37½	35
Kraft Productions int.	5	Sept. 29	5	—	15
Leslie & Godwin int.	(c)17½	Sept. 30	12½	—	45
Peak Trailers	7½	—	5	12½	5
Scottish Eastern Tst. int.	5	Sept. 27	5	—	13
Stowe & Bowden int.	Nil	—	3	—	3
Ward & Goldstone	14	Oct. 6	10	20	15
Bernard Wardle int.	10	Nov. 8	10	—	22½
Joseph Webb	10	Sept. 24	10	17½	17½

* Equivalent after allowing for scrip issue. † Amount per share. (a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) To reduce disparity. Interim statement posted September 29.

Textured Jersey's new move

Textured Jersey (made public September, 1970) intends to enter the field of fabric dyeing, and to facilitate this a freehold factory in Leicester has been purchased.

Benefit will be felt in the year commencing May, 1972, says chairman Mr. H. E. Knobil.

Confidence in the future is reflected by the commitment of £634,500 in respect of capital expenditure (£403,300).

Mr. Knobil considers that, notwithstanding difficulties which might lie ahead, the company faces an exciting future and welcomes the opportunity, which the directors trust will shortly arise, to operate within the framework of a European Economic Community.

As reported on July 21, group pre-tax profit for the year to April 30, 1971, was £352,230, against a forecast of not less than £295,000, and with £165,144 for the previous year. Turnover was £3,072,637 (£1,775,011).

The dividend is 32½ per cent., a one-for-two scrip issue is proposed and it is intended to maintain the dividend rate on the enlarged capital. A share incentive scheme is also proposed.

Meeting, Savoy Hotel, W.C., September 14, noon.

Deundi Tea's better cash position

The benefits of the policy of building up working capital began to appear in 1970, says Mr. W. E. Mitchell-Innes, chairman of the Deundi Tea Company.

As compared with 1969 bank interest charges have been almost halved, the balance sheet shows a material improvement in the cash position, the overdraft being reduced by over half, while net current assets have improved by 38 per cent., despite capital expenditure having continued at about the same level.

The 1970 crop at 2,404,582 lbs. was again a record exceeding 1969 by 63,150 lbs. Profit, before tax, for 1970 amounted to £253,058 (£101,449) and as reported July 17, the dividend is unchanged at 7 per cent.

The improvement in the company's prosperity was reflected in the position on the estates at the end of the year, says the chairman.

Meeting, 15, St. Helen's Place, E.C., September 8 at noon.

Stowe & Bowden

Advertising agents Stowe and Bowden Holdings has run into a loss of £25,734 in the six months to March 31, 1971, and there is no interim dividend. In the corresponding period last year there was a profit of £31,842 and the interim 3 per cent., which turned out to be the only payment for the year.

The directors stress that the deficit was exceptional for a number of reasons. The postal strike affected turnover (down from £2.25m. to £2.04m.) especially in the recruitment advertising divisions.

Higher bank borrowings necessitated by tighter credit terms and a continued high level of debtors added a further burden.

A marked trading improvement is indicated for the second six months which should offset the first half loss; and it is confidently expected that the group will return to a profit situation in 1971-72.

AMAL. METAL REORGANISATION

Amalgamated Metal Corporation announces a reorganisation of the group's structure to increase efficiency and to promote future growth in its U.K. and international metal and minerals business.

The principal change is to be the integration of most of the trading activities of AMC's two major subsidiaries, The British Metal Corporation and Henry Gardner and Co.

It also announced that British Metal has exchanged contracts for the sale of its leasehold interest in its offices in Princes House Gresham Street, E.C., to the Hammerson Group of Companies for £730,000. AMC's head office will in the next few months be established at 1 and 2 Metal Exchange Buildings, Leadenhall Avenue E.C.

The directors feel that the combined strengths of British Metal and Gardner will give greater opportunities for group development. As part of this concentration, it is intended to dispose of the trading activities carried on by Gardner in commodities other than metals and minerals.

The following new AMC appointments have been made:—Mr. J. D. Robbins, chief executive, Mr. J. H. Etherton, group trading director, and Mr. E. F. B. Nunns, chief administration officer.

Mr. J. A. MacKinnon, managing director of Gardner is retiring.

Good start by Best & May

Sales by Best and May in the first two months of the curren year show a satisfactory increase compared with the turnover of the first two months of 1969-70 The June turnover was a record, says chairman, Mr. W. Best.

For the year to April 30, 1971 pre-tax profits improved from £109,730 to £122,035 on turnover of £1.53m. (£1.41m.). As reported on July 23, the dividend is raised from 35 per cent. to 40 per cent.

Problems during the year were the worst in trading experience, says Mr. Best. The postal strike caused a reduction in turnover in the first few months, and placed a heavy burden on cash resources. Likewise the high interest rates and general lack of liquidity resulted in many customers taking longer credit.

During the period the directors deliberately maintained very high stocks due to the industrial unrest that was prevalent in the industry. Now that the position seems more stable stocks will be brought down to a lower level.

The group trades as suppliers and distributors of electrical equipment and plant. Meeting, Great Eastern Hotel, EC, September 8 at 11.30 am.

ISSUE NEWS

SHIPTON AUTOMATION

Industrial and Commercial Finance Corporation announces that in connection with the rights issue by Shipton Automation of 9,827,920 Ordinary 10p shares at par, holders applied for 8,046,961 shares by way of their one-for-three entitlement. Excess applications were received for a further 2,141,692 shares; applications for amounts up to 5,000 shares have been accepted in full, and those for over 5,000 in respect of roughly 80 per cent. of the number applied for, with a minimum of 5,000. Allotment Letters are to be sent to holders this week.

BRITISH ENKALON

Lazard Brothers and Co. announces that over 96 per cent. of the 4,033,334 Ordinary 25p shares recently offered to Ordinary holders of British Enkalon by way of rights have been taken up Akzo N.V. have subscribed for their entitlement of 2,489,564 shares. Of the balance of 1,543,770 shares underwritten by Lazards roughly 8.6 per cent. were not taken up and have been sold at a premium and the net proceeds will be distributed to those holders who did not exercise their rights.

OFFICIAL QUOTATIONS

Permission to deal in and quotation for the undermentioned securities has been granted:—

Carrington Viyella—From August 16, 1971, for deferred settlement on September 3, 1971, 1,171,334, New Ordinary shares of 25p each fully paid.

London and Associated Investment Trust—3,711,991 New Ordinary shares of 10p each, fully paid (nil paid)

Nova (Jersey) Knit—After allotment, 105,000 Ordinary shares of 20p each, fully paid.

Hazell (Quinton) (Holdings)—After allotment, 633,333 New Ordinary shares of 10p each, fully paid.

RESULTS AND ACCOUNTS IN BRIEF

FRUIT AND PRODUCE EXCHANGE OF GREAT BRITAIN—Results, year to March 31, 1971, reported July 31. Fixed assets £362,119 (£344,883) Current assets £896,712 (£624,147) and liabilities £699,060 (£507,634). Meeting Waldorf Hotel, W.C., September 9, at 11 a.m.

AUDIO FIDELITY—Results, year ended April 30, 1971, reported August 3 with proposed one-for-five scrip issue, and chairman's observations. Group fixed assets £154,502 (£126,087), current assets £732,383 (£598,200) and liabilities £390,986 (£302,636) Meeting Leeds, September 3, at noon

TELEPHONE AND GENERAL TRUST net revenue before tax half-year ended June 30, 1971, £418,000 (£412,000). Value of investments and net current assets (including full dollar premium) £18,663,000 (£14,874,000). Asset value per 25p Ordinary stock unit (company) 189½p (146p) and group 194p (152p). Directors will be considering declaration of an interim dividend in September.

DWA PLANTATIONS—Results for 1970 reported June 12. Fixed assets £181,204 (£200,748). Current assets £46,356 (£40,841) and liabilities £31,502 (£20,497). Directors have continued to explore ways and means of diversifying the company's interests, but so far without success. Lengthy discussions have taken place on a number of projects, but for various reasons, none of them came to fruition. In meantime, directors are continuing their efforts, which they hope will eventually be successful. Meeting, Winchester House, EC, September 9 at 11.30 a.m.

ORIEL FOODS—Results year to March 27, 1971, and observations on prospects already known. Group fixed assets £822,342 (£789,530) Net current liabilities £56,362 (assets £83,895). Referring to past year's acquisitions, chairman says other discussions are taking place. Meeting, Liverpool September 7, at 11.30 a.m.

CORNELL DRESSES—Interim dividend 8¼ per cent (same) Pay September 28 Profit half-year to June 30, 1971, £51,581 (£31,208). Tax £20,632 (£13,284). Had it not been for adverse weather in June figures could have been still more encouraging, directors state. New season off to brisk start and turnover well up on 1970.

KRAFT PRODUCTIONS (furniture)—Interim dividend 5 per cent. (same—total 15 per cent). Profit, before tax, half year to June 30, 1971, £21,000 (£15,000).

MINING NEWS

Peko sticks to its uranium guns

BY LESLIE PARKER, MINING EDITOR

YESTERDAY'S follow-ups to the week-end news of Queensland Mines' down-grading of its formerly momentous Nabarlek uranium find in Australia's Northern Territory were equally dramatic. In the first place the Sydney Stock Exchange suspended dealings in both Queensland and in Kathleen Investments which owns half the capital.

In the second place Peko-Wallsend rushed into first place in the still exciting uranium prospects for this part of Australia by sticking to the original assessment of its Ranger 1 prospect there which, as outlined in Mining Notebook yesterday, naturally came under suspicion following the Nabarlek revelation.

In sharp contrast to Mr. Roy Hudson's back-pedalling at Nabarlek, Peko's chairman, Mr. John Proud, still reckons that Ranger 1 has a potential of around 71,000 metric tons of uranium oxide. His original "guesstimate" was 70,000 tons as long ago as last October

Profit setback

Now Mr. Proud says that the former estimate of 32,000 tons for the No. 1 anomaly has been supported by drilling and the latest assessment suggested that the anomaly contains some 40,000 tons. The figure for the No. 3 orebody remains unchanged at a possible 31,000 tons.

As detailed on Saturday, Mr. Hudson shot the Nabarlek potential down from 55,000 to 9,000 tons, a change of mind that has prompted a stock exchange investigation down under as well as an inquiry by the Australian Senate's select committee on securities and exchange into the announcement and share trading in Queensland Mines.

Any bullish response in either Sydney or London to the Peko statement—the shares dropped 10p to a 1971 low of 380p—was tempered by the accompanying announcement that the company's consolidated net profits for the year to June 30 have dropped by $3m. to $6.9m. (£3.21m.) although the dividend total is actually raised modestly to 15 cents (7p) by a final of 7.5 cents. EZ Industries is Peko's partner in the Ranger 1 find. Its shares rallied 2p yesterday to 140p.

W. TITANIUM TO DEFER PLANT

Because of technical problems being experienced by some chloride pigment manufacturers and the slowing down in the U.S. economy, Western Titanium is not going ahead with its full-scale ilmenite upgrading plant at this stage. But the Consolidated Gold Fields Australian group beach sand mineral producer is keeping its semi-commercial plant in operation.

After deducting $742,213 for depreciation and $207,775 in writing off prospecting and mine development costs the pre-tax profit for the 17 months to June 30 amounts to $1,708,598 (£0.79m.) against $1,478,427 in the previous 12 months.

The latest tax allotment amounts to $683,000, a first provision having been made for deferred tax, against $170,000 in the previous period. The net profit is thus $1,025,598 against $1,308,427. Three dividends totalling 9 cents and absorbing $765,300 have been declared for the latest period.

Angola Diamond record

An increase in diamond production of 18.5 per cent. to a record 2,395,552 carats was achieved in Angola last year by Portuguese Angola Diamond. As already reported, 1970 world sales of diamonds handled by De Beers Central Selling Organisation fell in value by 23.5 per cent. to £220.7m. as a result of credit restrictions in the U.S. coupled with a rise in the percentage of the less-saleable small diamonds mined in virtually all diamondiferous areas.

The CSO has long since ceased to give a break-up of its figures for gem and industrial quality stones, but Angola Diamond continues to give an indication of the trend as far as its own output is concerned. And on the basis of production in the first nine months of last year the proportion of gem diamonds considered suitable for cutting fell to 68.15 per cent. from 76.47 per cent. in the previous year.

Meanwhile, the company states that it has continued to sell all its monthly outputs. The current year's mining programme is based on an average grade of 0.48 carats per cubic metre of material treated compared with 0.59 carats per cubic metre in 1970. This points to a lower production of about 2m. carats, but it is hoped to improve on this figure and production in the first quarter of this year has amounted to 458,[illegible] carats compared with the programmed 434,097 carats.

MEEKATHARRA'S NICKEL HOPES

Based on a progress report from its geologists Australia's Meekatharra Minerals reckons that its Marlborough lateritic nickel deposits in Queensland provide a basis "for expectation of significant nickel mineralisation being proved over a wide area." It considers that there is a reasonable prospect that sufficient reserves will be established for commercial exploitation.

Last month the company said that discussions were proceeding with a number of local and overseas companies with regard to various possible alternative schemes for furthering this project. It was stated that it should not be assumed that the extent of the reserves when finally established would be limited to the tonnages of 3m. to 5m. suggested in recent newspaper reports. Yesterday, Meekatharra fell 8p to 65p.

UNIT TRUSTS

M. & G. Second

The distribution on the Income Units of M and G Second General Trust Fund for the year ending December 12, 1971, is 1.00p net per unit, against 0.958p in the previous year. The price of the units increased by 21.3 per cent. over the last six months to June 14, 1971, against a 15.3 per cent. gain in the FT Ordinary index.

MINSTER FUND

The income distribution of Minster Fund for the half-year to June 30, 1971, is 0.61p per unit, payable August 16, 1971. The total value of the portfolio, including cash, had a total value of £758,[illegible] at the end of June.

Whitbread's substantial improvement aim

CITY OF LONDON based brewers, Whitbread and Co., is aiming for *another substantial* improvement in profits for the current year and good trade in April and May gave *a promising start*, says chairman Col. W. H. Whitbread.

He points out however, that *poor* weather and trade in June and severe pressure on wages and other rising costs will make attainment of the objectives a tough assignment, he adds.

As reported group profit, before tax, for the year to April 3, 1971, was £15.88m., against a forecast of £15.25m. when Brickwoods was acquired, and compared with £12.53m. for the previous year. The dividend is 12½ (11) per cent.

The freeing of the price of beer from control last autumn, coupled with effective management, has resulted in an upsurge in profits which has helped to resolve some liquidity problems, says Col. Whitbread.

There was a general strengthening of management services and in the reorganisation of the group's purchasing and insurance activities, which should provide substantial benefits in the future.

A share incentive scheme is under consideration for managing directors and executives.

Turning to properties, Col. Whitbread reports that sales to *the value of* over £5m. were made during the year.

The number of on-licences at the end of the *financial year* was 7,940, a decrease of 340, closures of licensed premises totalled 302, 250 voluntarily and the balance by compulsory purchase orders.

Eight new houses were opened, costing £331,000, and there are at present 12 houses in the course of construction at the overall cost of £648,000.

Whitbread Trafalgar, the company formed to develop the properties, has at present 16 properties at various stages of development. But progress is slow, owing to difficulties in *obtaining* planning consents.

It is hoped that the amount of cash which will become available *to the group, after allowing for* capital gains tax and including Whitbread's share of the net profits of the joint company, will exceed £3.5m. over the next five years.

Operating costs at the Luton brewery were substantially improved. The greatly increased demand for Heineken lager has required a further expansion there, and a brewery at Samlesbury, now under construction, is expected to be in production during the summer of 1972.

Despite a small fall in the sales of bottled beers, the market share increased by nearly 2 per cent. Gold Label continued to increase by over 20 per cent. for the ninth year running.

In a year when the national growth of small cans continued at the high rate of 24 per cent. can sales increased by over 40 per cent., Heineken and Mackeson cans showing the major increase of over 64 per cent.

The soft drinks side of the business continues to expand.

Meeting, Chiswell Street, EC., September 10.

Chairman's statement Page 21

See Lex

Halifax loans up 34%

The Halifax Building Society, the biggest in the world, lent more than £260m. to house purchasers *in* the first six months of the current year to end-July. This *is a* 34 per cent. increase over the *comparable* period in 1970, and *is a* record.

For the first time the society lent more than *£50m. in a single* month. This occurred in July when the Halifax lent more than £2m. a day for every working day.

Net assets over the six months rose by £178m. to £2.17m., the largest single increase in any half-year period. At the end of July the society had reduced its liquidity ratio marginally from *17.5* per cent. at the end of January to 16.4 per cent.

WHEELER'S RESTAURANTS

Wheeler's Restaurants will open its first hotel, the Victoria at *Brighton, by Whitsun of 1972*, Mr. Bernard Walsh, the chairman, told shareholders at yesterday's annual meeting *in London*. He added that the company was looking for more hotels but that "all those that have come to our notice so far have been far too *expensive*."

Mr. Walsh disclosed that the Regency House, in Cheltenham, had been *acquired for conversion* into a restaurant. This brought the group's total of restaurants, *including 10 in London and two* in Brighton, to 13.

Recovery by Peak Trailers

For the year ended May 31, 1971, pre-tax profits of Peak Trailers amounted to *£170,937* compared with a forecast of not less than £125,000 and with *£72,387 in 1969-70*.

Directors anticipate a profit of at least £200,000 for the current *year*.

A final dividend of 7½ per cent. makes a total of 12½ per cent. *against a single 5 per cent.* payment in 1969-70 and 17½ per cent. in 1968-69. Dividends have been waived on 2,398,060 shares.

The year's tax charge is £68,800 (£35,200).

Yatton Furniture

The Board of Yatton Furniture welcomes the recent measures to encourage consumer spending and *after a quiet start to the year*, looks forward to improved levels of activity in the autumn, reports the chairman, Mr. I. T. Henderson.

He believes there will be always a demand for the group's products "but it would make a tremendous difference to profitability if we could plan on a more stable future demand."

A decision as to entry into the Common Market may well in the long term lead to better trading conditions and a more exciting outlook for profits says Mr. Henderson.

As reported on July 16, pre-tax profits for the year to March 31, 1971, improved from £160,658 to *£266,378 and the dividend is held* at 9 per cent.

Meeting, Abercorn Rooms, E.C., September 29 at *noon*.

Oldham poised for growth

Prospects for the battery industry as a whole are good, and those of *Oldham International* within that expanding framework are "well above the average," says chairman, Mr. O. Oldham.

The directors are determined that *shareholders shall* get their full share of the benefit of the future expansion of the battery industry—the dividend of 20 (16) per cent. for the year to March 31, 1971, demonstrates *this* determination, he adds.

As reported on July 16, group pre-tax profit for the past year expanded from £700,888 to £971,426.

The improvement, says Mr. Oldham, was partly due to the continued development of the overseas interests, but also to a much better contribution from the British company—*which has* been through several difficult years, when it held back overall profits. *Conditions in the home* market are now changing. He expects to see further substantial *improvements in the U.K. results* at an accelerating rate."

For several years there was a discrepancy *between rising costs* —particularly of raw materials— and static selling prices. But in *the past few months* there has been a general improvement of margins.

It is *not* intended to pass on the burdens to the motorist or to British industry. The industry has been able to absorb a substantial part of its increased costs through greater efficiency and productivity.

Oldham increased its share of the automotive market, and significantly expanded sales of traction and stationary batteries. Government sales and exports increased. There were also interesting developments in the traditional field of lighting and electrical equipment for the mines.

Profit and sales *of all products* of the French company—with the exception of miners' lamp *batteries—increased*.

Should Britain enter the Common Market, it will in no way reduce the benefits of having an established foothold already in that territory—just the reverse. "Our battery prices are lower *than those in the EEC so we do* not fear competition," Mr. Oldham declares.

Sales and profits in Africa continue to grow and are expected to do so over the foreseeable *future*.

As to the Indian market, he says the merger with Standard *batteries is now in its final* stages. Oldham will become the biggest single holder in the second *biggest battery company in India*. Mr. Oldham is convinced that the development of this great subcontinent is inevitable and that it will become one of the major markets in the world.

Meeting, Denton, *Manchester*, September 10, noon.

Electronic Machine optimistic

Mr. M. Welling, chairman of Electronic Machine, says the group as a whole is currently *trading far more profitably* than last year's figures would indicate and a substantial cash turnabout on the current year's account is expected.

Mr. Welling also draws attention to the high depreciation figure in relation to assets. During the current year the method of providing depreciation will be reviewed.

With regard to the claim on British Drug Houses the chairman states this is *still in the hands* of solicitors and there is no indication at present as to the duration of these proceedings. The claim is for an amount in excess of £600,000 and it is hoped the *legal process will finally resolve* this in the not too distant future.

As reported on July 29, pre-tax *profits* for the period ended April 30, 1071, fell from £275,567 to £121,076. The dividend is up from an equivalent 12.23 per cent. to 12½ per cent.

The greatest setback occurred in Panax, the Redhill subsidiary. This group returned a loss of *£47,500 for the past trading period* but is at present running profit*ably and is budgeted to recover* at least £80,000 this year. The order position is now showing a *satisfactory improvement, says* Mr. Welling, and there are no visible reasons why the minimum target for the year should not be reached.

Meeting, Great Eastern Hotel, E.C., *September 15 at noon*.

Chairman's statement Page 6

A.W. (Secs.) progress

Figures for the first quarter of A. W. (Securities) confirm the *hope that group profit for the* current year "will once again take a further substantial step *forward," says chairman*, Mr. B. M. Lindsay-Fynn.

Prospects have been made better by the *recent abolition of* hire purchase restrictions and by the earlier relaxation of the limits *on bank advances, he adds*.

These measures coupled with the "modest reductions" in pur*chase tax, should stimulate* demand for the company's carpets, coming just before the start *of the main selling season. They* should ensure capacity production up to Christmas.

Customers in the *furniture*, motor and other consumer durables trades should also bene*fit, thus stimulating more demand* for AW's products.

As reported on July 14, group turnover for the 52 weeks (53 weeks) to April 3, 1971 was £16,242,352 (£11,357,856), profit, before tax, £1,187,493 (£757,626) and the dividend 15 (11½) per cent.

A breakdown of turnover and profit, before charges and interest, (£000s omitted) shows carpets £9,043 (£5,516) and £1,169 (£538); furnishing fabrics £2,727 (£2,026) and £11 (£173); plastics £4,000 (£3,198) and £371 (£245). *Activities now closed £472 (£618)* and loss £168 (£42).

Meeting, Bradford, September 16, noon.

BIDS AND DEALS

Cavenham has nearly 35% of Bovril

Cavenham yesterday spent £1.6m. buying Bovril shares in the market and picked up a near 12 per cent. stake to lift its shareholding to 34.67 per cent. A total of 349,951 Bovril shares were involved, the average price paid being 474p a share, which is around its bid value. In the meantime, Beecham Group announced through its advisers, Morgan Grenfell, that it had *no* intention of making a rival offer for Bovril.

Rowntree Mackintosh, whose lower offer is due to end to-day, was keeping quiet on any move it might make. A spokesman for the company's advisers, Hill Samuel, said last night that no decision on whether to extend the bid would be made until this evening when the number of acceptances was known.

Both Rowntree and Cavenham were undeterred by weekend reports that the meat packers union in Argentina wanted *Bovril's interests* there to be transferred into national hands with workers having control in *management*.

The Hill Samuel spokesman said this had no effect on Rowntree's *position*. In *addition*, he commented that Cavenham's share buying yesterday was "fully expected." Since the Bovril share price would fall if Rowntree gained control, the day before Rowntree's offer was due to end would be the *ideal* time for shareholders to sell in the market.

Mr. Jimmy Goldsmith said that *if Cavenham won control of Bovril* everything would be done to facilitate the Argentine interests passing into national hands. This had been Cavenham's idea anyway.

A spokesman for Wm. Brandt's, which is advising representatives of the Argentinian syndicate interested in Bovril's operation in that country, felt that the meat packer's statement had probably been discounted and he therefore suspected the syndicate "was not unduly surprised" by the new factor.

Meanwhile, it appears that the syndicate is still waiting on the sidelines to see the outcome of *the Rowntree/Cavenham* battle before it makes any further move.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. *Official indications are not available* whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table:—

TO-DAY

Interims—Law Land, Newey and Tayler.

Finals—Benn Bros., British Relay, Capital and National Trust, Leadenhall-Sterling Investments, McLeod Russel, Southerns-Evans, United Kingdom Property.

FUTURE DATES

Interims—

Aaronson Bros	Aug. 24
Anchor Chemical	Aug. 18
British Enkalon	Sept. 8
British Mohair	Sept. 3
Early (Charles) and Marriott	Sept. 2
Olives Paper Mill	Aug. 18
Peek Winch and Tod	Aug. 19
Sharpe (W. N.)	Aug. 23
Finals—	
Acorn Securities	Aug. 19
Bulmer and Lumb	Aug. 19
Denby (William)	Aug. 24
Midhurst Whites	Aug. 19
Peters (John)	Aug. 19
Steel Group	Aug. 19
Wiggins (C. S.)	Sept. 9

Given that this is approved and that sanction of the Court is obtained, the Preference Stock will be redeemed at 80p in the £.

To allow for shares to be issued in consideration for Spey Finance, there is also a proposal to increase the authorised capital by an additional 3m. Ordinary 25p shares. As a consequence, it is felt appropriate that the number of shares available under the executive share scheme should be increased *from 912,000 to* 1,069,000.

An extra-ordinary meeting will *be held on September 8*.

NORVIC TAKES NEW DRAKES OFFER

The short, sharp battle for *Norvic is over*. Drakes, which has built up a 32 per cent. holding in Norvic has raised its bid to *68p a share*, and has won the support of the Norvic Board. The new bid values Norvic at £5m. *compared with the £3.6m.* price tag put on the company by the original Drakes bid of 49p a share, which was strongly opposed by the Norvic Board.

New terms are one Drakes Ordinary share plus 280p in partly convertible 10 per cent. Unsecured Loan stock, 1976, for every seven Norvic shares. For every £100 of the loan stock, holders will be able to convert £50 into 26½ Drakes shares from November, 1972. The convertible will be underwritten at par to provide a cash alternative for those who prefer it.

The formal offer will be sent out as soon as possible by Samuel Montagu. Norvic has been advised by Hill Samuel.

FNFC PLANS

First National Finance Corporation proposes to increase its borrowing limit by £40m. to £151m. *If approved, it is also* planned to redeem the £200,000 of 6 per cent. Preference stock.

These *proposals are contained* in documents which have been sent to FNFC shareholders outlining *details of the company's* £8¼m. acquisition of Spey Finance, the banking and finance subsidiary of Spey Investments, set up four years ago.

Instead of the borrowing limit being eight times the share capital and consolidated reserves, it is proposed that it should be eight times the adjusted total of capital and reserves with the £5m. 8 per cent. subordinated convertible unsecured Loan stock being treated as capital.

TRAFALGAR HOUSE

Meetings of holders of debenture and loan stocks of Trafalgar House, convened for yesterday in connection with the offers for Cunard Steam-Ship were adjourned, in the absence of the necessary quorums, until September 2.

A clear majority in nominal value of each stock was required to constitute a quorum for yesterday's meetings, whereas at the adjourned meetings those present in person or by proxy will constitute a quorum.

Proxies so far lodged are overwhelmingly in favour of the resolutions.

CONSTELLATION VALUED AT £0.94M.

Terms of the Jessel Securities offer for Constellation Investments values Constellation at £940,000. They are 34p cash for each "A" Ordinary in Constellation, and 18p cash for each Ordinary share. In each case there will be a share alternative in Jessel Ordinary shares.

The offer carries the recommen*dation of the Constellation Board*, which was advised by Hambros Bank and Touche Ross.

Jessel already controls 41 per cent. of the Constellation Ordinary, and 26 per cent. of the "A."

LDN. & EDINBURGH SHIPPING

Hutchison International, which recently offered to acquire the remaining minority interest in the Ordinary capital of London and Edinburgh Shipping, now controls 99.59 per cent. of the shares. The offer is declared unconditional and extended to September 24.

LONDON ATLANTIC

London Atlantic Investment Trust, which is managed by Industrial and Commercial Finance Corporation, has agreed to acquire the capital of Jayar Walbrook Holdings, a private hold*ing company whose main assets* consist of about £600,000 in cash and quoted securities.

Based *on an unaudited valua*tion of London Atlantic at June 30. Its Ordinary shares have a *net asset value of 215.4p per* share, and it is proposed to issue as consideration for the acquisition as many Ordinary shares in London Atlantic as will represent at 215.4p the net tangible assets of Jayar to be acquired.

The acquisition is subject to shareholders approval for the necessary capital increase, and Stock Exchange quotation for the shares to be issued.

S. H. BENSON

Rothschild Investment Trust's offer to acquire the outstanding 7 per cent. unsecured loan stock 1985-90 of S. H. Benson (Holdings) Limited will close on August 31.

J. COLLETT

Dalton Barton, acting on behalf of Lyon Group on the proposed acquisition of J. Collett, announce that it is not the intention of Lyon to inject any of its group property interests into Collett.

NMC minority short priced

BY NICHOLAS LESLIE

Holders of a minority section of shares in NMC Investments appear unlikely to get a *full* 22p cash a share which, on the face of it, is the value of a current *offer by East Rand Consolidated*. Instead they will be fortunate if they receive 21½p a share, before *broker's expenses, and may get* even less.

The explanation for this lies *somewhere in the Takeover* Panel's difficulties in implementing the relevant clause on take*overs which deals with the* frustration of a bid to the detriment of shareholders generally *of an offeror or offeree company*.

The present situation arises from a deal earlier this month whereby East Rand Consolidated acquired a 16 per cent. stake in NMC at 22p a share from Western Selection during the course of an abortive bid by 1970 Trust of 22p cash a share for the NMC equity.

The 22p offered by 1970 Trust was the final of a series of offers which met either with a rejection *by the NMC Board or, latterly, a* qualified acceptance.

Throughout, however, all but *one of* the NMC directors said they would reject the 1970 Trust terms as did holders of a further 20 per cent. stake. Three companies holding 27 per cent.—Western Selection, East Rand Consolidated and Kwahu—took independent advice and the deal between East Rand and Western, both of *which* are part of the City Group, followed.

At this point, the Takeover *Panel stepped in* and *following* discussions, East Rand agreed to make a *similar* offer to other NMC *shareholders*.

The Panel executive, it is believed, sanctioned the East *Rand terms—22p for any share* offered in the market, before deducting dealing expenses—to give other shareholders a chance to get out at a good price. This was seen as preferable to the full Panel deciding on whether the East Rand deal with Western was prejudicial to the 1970 Trust bid, the question of frustration of a takeover being very difficult to rule on.

The 21½p which NMC shareholders may now get in the market comes after the jobber's turn is accounted for, a position which perhaps was not the Panel's original intention but which it is unlikely to make a move on given *that East Rand was* not necessarily obliged to make an offer.

East Rand did so, however, on the basis that *NMC was a good* investment at 22p and it was therefore happy to extend such a price to other shareholders.

LAFARGE

Lafarge Organisation has exchanged contracts for the sale to the Legal and General Assurance Society of the lease of the premises at 207, Sloane Street, London, most of which comprises the head office of the Lafarge organisation and certain of its subsidiaries. The main lease expires in September, 2000.

Consideration is £635,000 cash of which £11,000 is being retained by the purchasers to meet the costs of engineering and other work required in connection with letting.

The original cost plus additions was £329,369, which is the current book value. Benefits expected to accrue are the release of a substantial amount for future investment in the business.

ASSOCIATES DEALS

On Friday last Cazenove bought on behalf of an associate of Watney 1,000 Truman at 452p.

Panmure Gordon bought on behalf of associates of Grand Metropolitan 440 Truman at 452p average.

Rowe and Pitman bought for an associate of Glynwed 28,000 Glynwed at 173½p average.

Walker Crips Weddle Beck bought 2,000 Montfort (Knitting Mills) Ordinary shares at 60p for associates of Reliance Hosiery (Halifax).

Hill Samuel bought on behalf of discretionary investment clients 13,800 United Drapery Stores Ordinary at 188p.

Panmure Gordon sold 15,000 Cavenham at 98p on behalf of associates of Rowntree.

Rowe Swann bought 10,000 Bluemel at 82.85p average and 6,000 at 84p for Bristol Street Group.

JOHN MYERS

United Drapery's offer for John Myers has become unconditional, but *remains open*.

The offer has been accepted by holders of 3,563,111 Ordinary which together with the 2,514,000 already owned by UDS represents 94.2 per cent.

At yesterday's meeting of Myers' 10 per cent. Convertible Unsecured Loan stock, the resolution was passed and the stock will be cancelled for the consideration specified in the resolution.

DIRECT SPANISH

First National Finance Corpora*tion which now owns approxi*mately 46 per cent. of the capital of Direct Spanish Telegraph has assumed responsibility for the management of the trust.

Mr. P. Matthews, Mr. L. Maxted, Mr. D. Taglight and Mr. D. Crow have joined the Board in place of Mr. R. W. Hampton, Lt. Col. A. D. Baldwin and Mr. E. G. Done, who have resigned.

ACRE INVESTMENT

Holders of over 50 per cent. of the capital of Acre Investment *Trust have undertaken irrevoc*ably to accept the offer to be made by London and Cleveland *Property Investment Company*. Securities Agency expects to post formal documents on August 18.

BLUEMEL BROS.

Bristol Street Group has extended the period for acceptance of its offer to purchase the Ordinary shares in Bluemel Bros. until August 27.

CENTRAL AND SHEERWOOD

At the annual meeting yesterday of Central and Sheerwood, Dr. Singer, chairman, said there were signs that the economy was starting to move upwards again and when this happens he was confident the results would provide convincing evidence of the emphasis placed on achieving substantial growth in the profits of each company.

The offer for Bathford and Ryburndale has been accepted to the extent of 91 per cent. of the Ordinary and the whole of the Preference capital.

INDUSTRIAL MIDLANDS

The directors of Industrial Midlands Investment Trust were engaged in investigating several propositions which might provide attractive investment opportunities.

Coupled with the much improved Stock Market situation, these enabled the chairman, the Duke of St. Albans, to take an optimistic view of the future, he told yesterday's annual meeting.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Issue Price	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −
£100	£25	14/1	27¾	27	Distillers 10½% Uns. Ln. '93-8	27¾	...
£99	£25	1/10	26¾	26¾	Eastbourne Water 10¼% Red. Deb. '95-7	26¾	...
£100	F.P.	29/7	105	100¾	Glendeton Inv. 10.6% Deb. '91-96	104	...
£99	£50	1/10	62	50	Hargreaves 10¼% Deb. '82-97	52	+1½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hepworth Cer. 10.4% Deb. '92-7	51¼	...
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ind. Bank 8% 1976	¼pm	...
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	I.C.F.C. 9% Uns. Ln. Stk. 1977	102	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Int. Fin. 9% ST. Dol. Bds. '78-86	98¾	...
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Eurodollar interest rates soar, Eurobond prices recover

BY WILLIAM LOW

SHORT-TERM Eurodollar interest rates rose sharply yesterday following President Nixon's package of measures designed to help the dollar. The key three-month rate was quoted at 9¼-9⅞ per cent., compared with 8-8½ per cent. last Friday.

Actual business was limited and operators covered themselves by widening the spread between their bid and offer rates. The closure of various foreign exchange markets also inhibited trading.

One international banker commented that he expected Eurodollar rates to fall "substantially" in coming weeks once speculative positions have been unwound. He based his prediction on the belief that holders of currencies, such as the D-Mark, will convert back into dollars, especially if there is a revaluation of various units.

A realignment of various parities, many bankers believe, will result in a strengthening of the Eurodollar market since the dollar should re-emerge as the strongest single currency.

The Eurodollar bond market, which has been under pressure in the last few weeks, staged a strong recovery yesterday. Wall Street's upward trend resulted in convertible bonds issued by U.S. companies gaining as much as 10 per centage points. Straight-debt bonds also firmed.

One London-based Eurobond banker said that "once the dust has cleared" and revaluations have taken place, there is likely to be considerable demand for Eurodollar bonds, particularly in the top quality straight issues such as the recent two-tranche offering by General Motors.

The outlook for Eurobond loans denominated in currencies other than the dollar is less promising, some bankers believe. A revaluation by West Germany or The Netherlands would remove much of the current attraction for issues denominated in D-Marks and Guilders.

In its short (seven years) history, the Eurobond market has frequently suffered as a result of currency unrest. One operator said: "Let us hope that the fundamental changes that have now taken place will put our market on a more certain footing."

$60m. Eurodollar loan for John Lysaght

FINANCIAL TIMES REPORTER

JOHN LYSAGHT (AUSTRALIA), the sheet steel manufacturing company owned jointly by Guest Keen and Nettlefolds and Broken Hill Proprietary, has completed arrangements for its first Eurodollar loan, worth $60m.

Under an agreement with a group of Australian and international banks and Australian financial institutions, led by Hill Samuel and Co. and Hill Samuel Australia, a five-year unsecured loan of $60m., with flexible interest rates related to various roll-over periods within the term of the loan and with options of conversion into other freely available currencies, is being made available.

It will be used to assist in financing the construction of the second John Lysaght (Australia) cold strip plant at Westernport, near Melbourne, involving an investment of $103m., to which it intends to add later during the 1970s a hot strip mill at a cost in excess of $100m.

The entire programme could represent investment of some $1,000m. and, therefore, Lysaght is expected to return to the Eurodollar market for both medium and long-term funding operations.

Broken Hill calls 1971 profits "disappointing"

THE BROKEN HILL Proprietary Company (BHP) said that group net profit for the financial year ended May 31, 1971, was $A68.46m.

This increase of $A11.06m. over the previous year was described by BHP as a "disappointing overall result." The BHP Annual Report ascribes the year's result to the low return on investment in its iron and steel operations. It said this was significantly lower than in the previous year.

Iron and steel profits in the second half of the financial year dropped sharply, and BHP stated that industrial stoppages were the most significant factor responsible.

It pointed out that strikes caused a loss of production of over 350,000 tons of raw steel during the year.

BHP has also expressed concern over the rate at which costs have risen; the most important area of which being wages and salaries which went up by 12 per cent. during 1969-70.

L. M. Ericsson sales up 20%, but profits fall

BY JOHN WALKER

L. M. ERICSSON group sales in the first six months of this year were up 20 per cent. over the same period in 1970 at $318.6m. But group income before provisions and taxes dropped to 11.2 per cent. of sales worth $35.5m., compared with 14.7 per cent. of $39m. sales for the first six months of 1970.

Despite improved production resources, the company says, resulting in 20 per cent. higher sales, the expected sales increase was not reached. Salaries and wages in Sweden went up considerably during the latter part of 1970 and 1971. The parent company's provincial factories were particularly affected by the outcome of the last two labour agreements.

Increased labour costs could not be offset by rationalisation and improved productivity. Nor, due to international competition, were they offset by increased prices. Sales during the remaining six months of 1971 are expected to exceed the figure for the first six months, but the present labour cost developments in many countries make is difficult for the company to judge their influence on the remaining months of the year. Earnings for the full year 1971 are not expected to exceed the corresponding figure for 1970.

HONG KONG STOCK EXCHANGES

'A flavour of speculation'

BY OUR HONG KONG CORRESPONDENT

A FEW WEEKS AGO a Hong Kong newspaper ran an "investment game" competition inviting its readers to invest a $HK100,000 portfolio in local shares. The competition ran over a period of six weeks, by which time the shares chosen by the eventual winner had appreciated by a staggering 75 per cent.—one of his main investments having tripled in value and another having almost doubled. Obviously the pickings from the booming Hong Kong economy are rich, and the Stock Exchange is no exception.

As the competition closed, the local stock index was topping the 300 mark. In July, 1964, it was 100. Dealers, however, believed that many shares were overvalued in the general euphoria and this, plus the usual profit-taking, pulled the index down to near the 280 mark—from which it has since recovered to nudge 300 again. The market in local shares is still highly speculative with the prices of even "blue chips" fluctuating widely.

Confidence in local companies may be high, but this does not extend to the Stock Exchange arena. For many years the original Hong Kong Stock Exchange ran its affairs staidly, the main criticism being that it was limited in its scope and colonial in its atmosphere. (It was perhaps the only exchange with a bar at one end.) About two years ago those who resented this monopoly realised that the Hong Kong Government extended its laisser-faire philosophy to the registration of Stock Exchanges. In December, 1969, the *Far East* Exchange began trading, followed in March of this year by the Kam Ngan Exchange, an *offspring* of the Chinese Gold and Silver Exchange.

The Associate Stock Exchange opened in Mid-1970 but closed about two months later. Last July an accountant, Peter Chan, announced his intention of establishing a fourth exchange at the end of this year. The next day there was a drastic fall in the turnover of the three existing exchanges and a storm of criticism broke, both on Mr. Chan and on the Government for not taking steps to regulate an area of economic activity which could have a vital impact on local and overseas confidence. It was argued that such a proliferation of exchanges would frighten away both the local investor and the major foreign interests.

Recently a scandal was threatened by the "disappearance" of two local brokers who have both been suspended from their exchange. Local demands for the protection of investors, which stepped-up with a series of scandals involving mutual funds, have now risen to fever pitch. For the last three years the Government's Companies Law Revision Committee has been meeting and its report—a lengthy 300-page document—was submitted last month and is due to be published shortly. Although it will doubtless recommend the updating of Hong Kong's *inadequate* company law (which is based on British legislation dating back to 1929), knowledgeable observers predict that even any future reforms will not demand disclosures of company finances in detail comparable with that required in the U.K. or U.S.

The Hong Kong stock market is likely to remain a jungle—a lair for those in the know and for large investment syndicates, in which the "small man" finds it difficult to know what is going on. "*Caveat emptor*" and "A fool and his money are soon parted" are *likely* to characterise *the* Government's attitude to the regulation of stock market activities *even after the promised* legislation is passed.

Hong Kong's unique status, and the uncertainties shrouding its future, add more than a flavour of speculation to most investment activity. The money flowing in to the Colony, and that generated locally, has been finding fewer outlets lately. Not long ago, the mutual fund market was probably taking around $100m. every year and the New York Stock Exchange was attracting just as much, if not more. The IOS troubles and scandals involving other mutual funds, plus the American recession and falling Eurodollar interest rates, have all cut down the outward flow; leaving a lot more money in Hong Kong looking for outlets. Such is Hong Kong that if it did not find its way into local stocks, the funds would happily be used to speculate in real estate or gold. But overheating due to an excess of liquid funds can be prevented by the Hong Kong banking system. The open economy and the relative freedom to transfer funds out of sterling explains the fact that about half the deposits in Hong Kong banks are owned by non-residents, which in turn permits Hong Kong activity in other financial centres.

Furthermore, the Hong Kong Stock Exchange has never provided the traditional facility for industrial and commercial undertakings in raising long-term capital. Even the Government finances most of its capital projects out of current revenue. Most local companies use their generous profits in the same way.

Meanwhile, the Hong Kong economy and its stock exchanges continue to attract overseas capital. It has been estimated that up to £20m. has arrived from London over the last few years, the profits to be made have also attracted several London brokers and investment bankers. This development will probably lead to a shake-up and an improvement in the expertise provided by banks, *stockbrokers* and those whose business it is to give investment advice. But the experts from Britain will have to beware. The financial sharks prowling Hong Kong waters are in their own element and any future company law is hardly likely to impose the proprieties governing the City of London.

IN BRIEF

Europe

● KONINKLIJKE PAPIER-FABRIEKEN VAN GELDER EN ZONEN expects to record sharply higher loss in 1971 than the Fls.3.7m. shortfall incurred in 1970. Company reported net profit of Fls.16.2m. in 1969. Results so far this year affected by continually rising costs and depressed world paper market.

● RELIANCE ELECTRIC, of Dierikon, the Swiss subsidiary of the American engineering concern Reliance, of Cleveland, is from August 18-24 to float loan of Sw.Frs.25m. with a 6.75 per cent. coupon. The 15-year loan will be issued at par.

● PEKEMA OY, the Finnish petrochemical concern, is from August 18-23 to float Swiss loan of Sw.Frs.8m. at 6.75 per cent. The 15-year loan, which is backed by a Finnish Government guarantee, will be issued at par.

● UNION BANK OF SWITZERLAND is to sell to Yamaichi Securities Company a leading Japanese broker, its 97 per cent. holding in World Securities Company of Hong Kong.

● RUHRGAS said it formed a joint 50:50 company with SNAM, of Milan, called Trans Europa Naturgas Pipeline (TENP)—which will have a basic capital of $15m. The company will build a *400-kilometre gas pipeline from* the West German/Dutch border to the West German/Swiss border. SNAM and an unnamed Swiss gas industry company will build a connecting pipeline through Switzerland, Ruhrgas added.

● MANNESMANN FINANZ HOLDING'S Sw.Frs.60m. 6½ per cent. 15-year loan floated at par, closed heavily oversubscribed, the underwriting consortium said.

● VON ERNST AND CIE of Berne announced public issue of Sw.Frs.8m. of 15 years debentures on behalf of Pekema Oy, Helsinki, with guarantee of Republic of Finland. The issue will be sold from August 18-25. It is expected that the coupon will be 6¾ per cent. and the issue price par. In addition to Von Ernst and Cie, the syndicate will include Handelsbank in Zurich, Banque Privée, Geneva, Banca del Gottardo, Lugano, and La Roche and Co., Basle. Pekema was established to provide Finland with a petrochemical industry. In addition to Neste Oy, the Government-owned oil company, which holds 41.5 per cent. of the share capital, eight of Finland's leading industrial companies are shareholders.

● COMMERCIAL CREDIT LEASING SERVICES (SWITZERLAND) and Commercial Credit Computer Leasing (Switzerland) have been set up in Zurich with capitals of Sw.Frs.50,000 each for leasing, financing and holding activities. President of both companies is Thomas G. McCausland, of Monkton, Maryland.

North America

● NORTHGATE EXPLORATION first half net profit fell to $C548,000 (nine cents a share) from $C6.1m. ($C1.02 a share) on lower revenues of $C7.5m. ($C12.5m.). Company expects many of the adverse factors that affected profits in the first half to be less severe in the second, and forecast second half net income of about $C2m.

● DI GIORGIO CORPORATION six months after-tax operating earnings per share, fully diluted, increased 25 per cent. to 60 cents, compared with 48 cents for first half 1970. Total operating earnings, after-tax, increased 48 per cent. to $3.29m. compared with $2.22m. for first six months 1970. Earnings per share give effect to the issuance during April, 1971, of 1.2m. shares of Di Giorgio Corporation common stock.

● REVLON net earnings in second quarter rose to $8.9m. (69 cents per *share*) from $8.4m. (67 cents) on revenues increased to $92m. from $89m. First half net earnings rose to $16.4m. ($1.27 per share) from $15.3m. ($1.22) on revenues of $182m. ($171m.).

● MUNFORD INC. declared regular quarterly cash dividends of 6 cents per Common share and 10 cents per Preferred share, payable October 15 to stockholders of record September 24. Munford Inc., formerly Jackson-Atlantic, consists of complementary retail food and home-product chains.

Others

● PEKO-WALLSEND consolidated net profit for year ended June 29 fell to $A6.9m. from $A9.9m. Exploration costs were reduced to $A1.4m. from $A1.9m.

● INC INDUSTRIES, Sydney-based Volkswagen distributor, said it is offering $A1.25 per share for all the issued capital of Annand and Thompson, a Brisbane car dealer. The offer is conditional on acceptances of not less than 51 per cent. of all the issued fully paid shares in Annand and Thompson being received before October 15 or such later date as Inc may notify. Annand and Thompson has issued capital of $A¾m. Inc has *authorised capital of $A10m.* and issued capital of $A2.26m.

● AUSTRALIAN CONSOLIDATED MINERALS (ACM) gave Conzinc RioTinto of Australia an option to acquire part of ACM's interest in the Mount Keith and Kingston Nickel prospects in Western Australia. If option is exercised, ACM will receive an initial payment of $A2.5m. in cash or shares from CRA. Option expires September 28 and is subject to approval of other partners in the projects.

● MITSUBISHI HEAVY INDUSTRIES is to build four 261,000 deadweight tons oil tankers for Chevron Shipping Company, an affiliate of Standard Oil of California. Chevron will pay total contract price of about $140m. (£58.3m.) in cash to avert the danger of yen revaluation. Supertankers will be built at Mitsubishi's 1m. ton building dock which will be completed at Koyakijima, Kyushu, by September, 1972.

● AUSTRALIAN UNITED CORPORATION, one of Australia's biggest merchant banks, announced group profit for year ended June 30, before writing off just over $A½m. and before providing for tax, was $A2.46m. This compares with profit before tax in the previous year of $A2.14m., an increase of about 15 per cent.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer		Bid	Offer		Bid	Offer
Straight			Oslo 8½pc 1986	89½	91	Beatrice 7½pc 1990	118	[illegible]
Atlas Copco 9½pc 1983	99½	100½	Olivetti 9½pc 1985	100	101	Borden 6½pc 1991	102	[illegible]
ASEA 8½pc 1986	91	92	Ontario Hydro 8½pc 1986	93	94	Chrysler 5pc 1988	71	[illegible]
Beecham 8½pc 1986	89½	90½	Philips 6½pc 1976	96½	97½	Eastman Kodak 4½pc 1988	96	[illegible]
Borregaard 8¾pc 1986	93	94	Quebec Hydro 8½pc 1986	91½	92½	Equity Funding 5½pc 1989	82	[illegible]
Conoco 8pc 1986	89½	90½	Transocean Gulf 8pc 1986	90½	91½	Firestone 5pc 1988	101	[illegible]
Conoco 9½pc 1985	100	101	**Notes**			Ford 6pc 1986	107	[illegible]
Courtaulds 9½pc 1985	98	99	Cabot 8½pc 1975	98½	99½	Fuji Photo Film 6½pc 1985	145	147
Denmark 8pc 1982	99	100	Ericsson 8½pc 1975	99½	100½	Honeywell 5pc 1983	99	[illegible]
Esso 8pc 1986	92½	93½	Esso 7½pc 1979	93	94	Kinney 6½pc 1990	105½	107
Esso 9pc 1985	101	102	Esso 8½pc 1975	100	101	Komatsu 6½pc 1984	90½	92
General Mills 8pc 1986	89	90	Gatx Oswego 8½pc 1977	95½	96½	Michelin 6pc 1985	109	110½
GUS 8½pc 1986	90½	91½	Hawker 9pc 1975	99	100	Murphy 5pc 1989	92½	94
Hambros 9½pc 1985	99½	100½	Nippon Petr. 7½pc 1973	97½	98½	Owens Illinois 5pc 1977	101½	103
Hamersley 9½pc 1985	98½	99½	Oslo 9pc 1973	100	101	Pepsico 4½pc 1981	120	121½
ICI 8½pc 1983	82½	83½	Transocean Gulf 8½pc 1973	99½	100½	Rand Selection 6½pc 1986	103½	105
Ireland 8½pc 1989	89½	90½	Source: White Weld Securities.			Revlon 4½pc 1981	106	107½
ISEC 9pc 1985	98½	99½	**Convertibles**			Suez 7pc 1985	96	97½
Massey Ferguson 9pc 1992	99½	100½	Alusuisse 7pc 1981	101½	103	Texaco 4½pc 1988	87	88½
Monsanto 8½pc 1985	96	97	American Can 4½pc 1988	75	76½	20th Century Fox 5pc 1987	56	57½
Mt. Bk. Finland 8½pc 1986	89½	90½	American Brands 5½pc 1988	119	120½	Union Carbide 4½pc 1982	89½	90½
Occidental 9½pc 1982	95	97	Amoco 5½pc 1984	97	98½	Source: Kidder, Peabody Securities.		

$ World Reactions, continued from page 17

The unanswered questions

BY PAUL LEWIS

WASHINGTON (D.C.), Aug. 16.

THE MEASURES announced by President Nixon last night have finally ended the cornerstone role which the dollar has played in the international monetary system since the end of the Second World War. Unlike other countries, the U.S. did not declare an official parity at the Bretton Woods conference in 1944, but offered instead to buy and sell gold freely at $35 an ounce. Behind this gesture lay the indubitable fact that the U.S. economy was the most powerful and efficient in the world and that—as successive American leaders never tired of saying—the dollar was as good a yardstick of value as gold itself.

For at least a decade no one seriously doubted this view, and the dollar was readily accepted as the fixed pivot of the system, in terms of which all other countries defined the value of their national currency. Indeed, for a while the long run of American payments surpluses in the 1950s suggested that far from being a supplier of gold to the rest of the world, the U.S. would end up owning all the metal in circulation. However, the 1960s saw the start of a change in the international monetary structure as the U.S. moved into steadily deepening payments deficit and confidence in its currency began to sag.

Although the decision taken at Camp David last week-end was certainly the most important attempt yet made to meet the dollar crisis, it is far from being the first. Throughout the last ten years the U.S. has been obliged to use its diplomatic power to dissuade other countries from cashing-in surplus dollars for gold, and in early 1968 the defences around Fort Knox were deepened with the closure of the London gold pool and a number of other agreements which reduced the dollar's convertibility even further. Finally, in 1969 the U.S. secured world agreement to set-up the Special Drawing Rights scheme, which took some of the heat off the dollar by offering countries a completely new source of reserve assets.

Nevertheless, so far as the dollar was concerned, none of these measures have ever been more than stop-gaps designed to quell particularly violent bouts of currency uneasiness. Successive U.S. Administrations have refused to admit that the dollar was over-valued or that there was anything fundamentally wrong with the monetary system set up at Bretton Woods over 20 years ago. To some extent the significance of the new American move is merely that it formalises the dollar's *de facto* lack of convertibility, and thus acknowledges that it is over-valued. But of no less importance is that, after blandly ignoring this whole question for years, a U.S. President has decided on action and called roundly for "reforms to set up urgently needed new international monetary systems."

In a sense, the new system is already with us. By formally closing the gold window, the U.S. has not only left the dollar free to find its own level in the market place, but has also cut the last link between the existing currency system and gold. Whatever new structure may rise in its place, the twin pillars of the Bretton Woods structure—fixed parities and gold convertibility—have been publicly smashed. The most certain thing that can be said in this situation is that last night's surprise broadcast by the President has given a quite unexpected significance to the forthcoming meeting of the IMF, which opens here next month.

Hectic

The intervening weeks are bound to be hectic. Central Banks must decide whether to maintain their currencies within official parity limits or to allow the dollar to find its own level freely. The Common Market has already seen its farm policy threatened and its monetary union plans delayed by the German and Dutch floats. Now the Six will have to ponder the wisdom of expressing their single farm prices in terms of gold whose value is less certain than ever. Whether Britain can remain on the sidelines of such a debate is very much in question.

But whatever happens on the markets, the pace of diplomatic activity is certain to be fast. Before last night's announcement it was expected that the deputies of the Group of Ten would meet early next week to see whether agreement could be reached among the major financial powers on some widening in currency support margins at the formal IMF meeting later in September. This was seen largely as a means of compensating for differences in interest rates between Europe and America, which helped spark off the May crisis, although it would also permit some appreciation of other currencies against the dollar.

There is little doubt that the U.S. will continue to press for a substantial widening in support margins this year, and it is also clear that it will do so from a position of increased strength. In the first place the internal measures announced last night—the price and wages freeze and the cuts in Federal spending—show the Administration is not indifferent to the international consequences of its economic policies. More important, however, is the diplomatic leverage which the U.S. will derive from its new 10 per cent. import surcharge which has already run into violent criticism from Japan.

But it is less certain that the U.S. is still hoping to correct the over-valuation of the dollar by persuading the rest of the world to appreciate their own currencies, or whether it is now resigned to a straight forward devaluation of the dollar in terms of gold and other currencies. Discussions on general parity realignments were under way before the May crisis, but the French and Japanese in particular, remain strongly opposed to revaluing against the dollar.

On the other hand, while the 10 per cent. surcharge on imports gives a pointer to the scale of adjustment required, not all of America's trading partners would welcome a dollar devaluation of this amount. And it is unclear whether even a 10 per cent. change would be sufficient to restore equilibrium with Japan.

These are some of the questions which will have to be sorted out in the weeks that remain before the IMF meeting. It is evident also that the U.S. initiative may open the door to discussions on even wider problems. However important President Nixon's announcement may be, it has not ended the American deficit or given any indication of what the new monetary order he has called for should look like. Indeed, all the Administration has done in reality is to draw attention publicly to the weakness of the reserve currency system.

Whether countries like France—which have never disguised their hostility to the dollar's privileged role—will take this opportunity to re-state the case for a system based more directly on gold, must remain to be seen. But there has been talk in Common Market circles of somewhat milder reforms, including the use of SDRs to fund existing dollar balances, and of steps to prevent the U.S. returning to massive deficit again. It is at least possible, therefore, that President Nixon's speech last night will open a Pandora's Box at next month's IMF meeting.

Timing of measures awkward for Australia Budget

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

SYDNEY, August 16.

PRESIDENT NIXON'S measures could hardly have been more badly timed for Australia. Tomorrow, the federal treasurer Mr. Billy Snedden will bring down his first budget unaware of just what effects the U.S. measures will have on the Australian economy and the dollar.

This afternoon, with the reserve bank cover for the dollar withdrawn and trading banks refusing to deal in U.S. currency, Mr. Snedden issued a statement which noted that Australia had a strong balance of payments and its international reserves were high.

It was in Australia's interests to co-operate with the U.S. in working towards a more effective international monetary system, he said. Australia would certainly do what it could to facilitate such an outcome.

"It is helpful that the U.S. proposes to discuss such issues with its partners rather than take unilateral action in an area where the interests of many countries, including Australia, are concerned," he said.

Details of Australia's reserves position were released during the day by the Reserve Bank With a capital inflow of about $100m. during July, the total reserve asset figure now stands at $A2,355.6m. This includes $A747.7m. in U.S. dollars $A972.5m. in sterling and $A231m. in gold.

There was no discussion during the day in official circles of the future of the Australian dollar, despite a growing body of opinion within Australia which has recently been arguing towards revaluation in view of the strong balance of payment situation and the growth of reserves. It is generally accepted that the enormous capital inflow of the last 12 months was not hot money. It is doubtful if Australia would float its dollar with the U.S. dollar for a long period. The Country Party, concerned at the thought of the U.S. having a price advantage in the important world cereal market, would be sure to argue for a devaluation as it did when sterling was devalued, a move it is felt would be resisted by the liberal end of the coalition

The lack of any restrictions on long term capital outflow from the U.S. was welcomed here. Australia has been receiving large amounts of U.S. dollars for development work ($A458m. last year).

GATT Council likely to meet next week

GENEVA, August 16.

THE U.S. to-day told its major trading partners the "critical state" of America's balance of payments forced the temporary 10 per cent. surcharge on imports. Washington gave official notice of the surcharge in a letter to the General Agreement on Tariffs and Trade (GATT).

The leter was signed by U.S. GATT representative William Miller and addressed to GATT secretary General Olivier Long, of Switzerland. It said the U.S. was forced "to stem the rate of increase in imports in view of the critical state of the American balance of payments position."

It pointed out that GATT regulations permit such action whenever a member country's payments position requires such protection. GATT agreed to a waiver of its rules when Britain introduced a year-long import surcharge of 15 per cent. in 1964.

The U.S. in notifying GATT of the move said it is ready to confer with GATT partners "at their convenience." GATT spokesmen said there will probably be a special session of the GATT Council next week, when vacationing delegates can be gathered.

They said the 10 per cent. surcharge will affect 50 per cent. of U.S. imports, in value terms. As U.S. imports at last official count amounted to $45,000m. a year, this means the surcharge would apply to imports totalling $22,500m. a year.

In other words, if imports continue at present rates, the Treasury would collect some $2,500m. from the added tax, which involves the actual import price of goods and not the duty already demanded. UPI

Question mark over future growth of Japan's exports

BY CHARLES SMITH, FAR EAST CORRESPONDENT

JAPAN has normally succeeded in keeping its cool in the face of upheavals in the world monetary system rather more successfully than most major industrial nations in the West. The fact that it responded to President Nixon's week-end announcement with the biggest-ever recorded fall on the Tokyo Stock Exchange and a series of decidedly worried statements by senior officials must therefore be regarded as *significant.*

The Nixon package has two main and obvious implications for Japan: it raises a question mark over the future growth of Japanese exports to the U.S., and it promises to complicate still further the already agitated climate of trade relations between the countries. Less directly, but perhaps no less urgently, President Nixon's action threatens to turn the spotlight once again on to the position of the yen.

The key to the Japanese dilemma in each of these areas is the extraordinary imbalance which has developed during the past few months in U.S.-Japanese trade. Japan's exporters increased their U.S. sales by the staggering figure of 31 per cent. in the first six months of this year and the American market, which has always accounted for around 30 per cent. of Japan's overseas sales, accordingly became substantially more important as a customer for Japanese industry. The increase in trade in the other direction, a mere 1.4 per cent., has been so small as to raise serious anxieties in Japan and something amounting to a storm of anti-Japanese sentiment in the U.S. industries which are most sensitive to overseas competition.

The protests have taken the form of demands for legislative controls on imports from Japan (particularly on textiles which have become an increasingly explosive issue between the two countries during the past 18 months). There has also been a boom in anti-dumping cases, involving the U.S. Treasury as plaintiff and a variety of the most competitive of Japanese industries as defendants.

The U.S. has threatened to complain to GATT if Japan does not speed up the dismantling of its own import restrictions, particularly those on computers, integrated circuits and aircraft which are regarded as particularly injurious to American exporters.

Last but not least, there has been a steady build-up of American pressure for a revaluation of the yen.

Japan's more conservative financial officials were hoping last night that President Nixon's 10 per cent. import surcharge might actually rescue the two countries from their worsening squabble over trade and even, conceivably, deliver Japan from the necessity of revaluation. They based their arguments on detailed studies of the impact on a number of industries of a shift in the cost of Japanese exports in world markets: it has been calculated, for example, that 13 of Japan's most important export products would suffer an export decline of over 10 per cent. if their prices were raised by between 5 and 6 per cent. as a result of a yen revaluation.

Surcharge effect

The effect of a 10 per cent. surcharge in the U.S., while not strictly comparable, should still be highly significant for Japan given the overwhelming importance of the U.S. market and the concentration within the American market of some of Japan's most dynamic export items, such as cars and office machinery.

But in looking at the issue simply as one of an adjustment in terms of trade, the Japanese appear to be forgetting some very important considerations. One is that, whatever happens during the final four months of this year, Japan's trade surplus with the U.S. is likely to be far greater in 1971 than it has ever been before (American officials have been talking of an imbalance of at least $1,700m.).

A second possibility which could shake Japan's passionate attachment to the *status quo* is a further revaluation of European currencies which might have the effect (if it really took place across the board) of producing a *de facto* devaluation of the yen.

Finally there is the emotive issue of Japan's foreign exchange reserves which have been rising at the rate of around $1,000m. a month throughout the summer, and are now estimated at roughly $9,500m. If the reserves continue to increase at this rate it will be only a matter of weeks before they overtake those of the U.S.

This combination of factors suggests that Japan is likely to face far heavier pressures for revaluation during the next few days than it experienced even when the D-Mark was floated in May. The extent of these pressures was indirectly acknowledged yesterday when a spokesman of the Ministry of Finance talked of maintaining the yen at its present rate "for the time being." Yet if the present crisis looks more liable than any of its predecessors to force a move by Japan it would still be a mistake to underestimate the factors pointing the other way.

Japan's exchange controls are notoriously rigorous and have actually been tightened in order to deal with the inflow of dollars which threatened to push the yen upwards earlier in the year. It is now illegal for foreign as well as local banks in Tokyo to sell more than a strictly limited quantity of convertible "free yen" to depositors who wish to speculate against a change in the exchange rate.

The effect of all this tends to be that the only surplus dollars which can flow into the Bank of Japan during a currency crisis are the excess holdings of Japan's own commercial banks which have become increasingly unable to balance dollar purchases from their regular customers by sales on the depressed Tokyo forward exchange market.

The Japanese are well aware that, apart from the strains on their domestic banking system, they are substantially immune from the speculative pressures which can build up against more liberally managed currencies. They intend to keep their immunity, if only to give themselves time to decide how to react to the numerous political and economic pressures for revaluing the yen.

Cogent arguments

Seen from inside Japan the arguments against revaluation still appear very cogent. There is the problem of the shipbuilding industry which stands to lose hundreds of millions of dollars because its assets are tied up in dollar export credits, while its liabilities consist of yen loans from the Export-Import Bank. Most serious of all is the plight of the Japanese economy itself, which is struggling to emerge from a domestic recession and which could be plunged back into recession if there are many more blows to local business confidence.

The Japanese have cited these arguments in the recent past and will certainly parade them again for the benefit of foreign advocates of revaluation. But even the authorities in Tokyo must be aware that there are times when international pressures outweigh domestic considerations. Just possibly they may decide during the next few days that the present is one of those times.

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Bass tenants may strike

NEARLY 100 tenants of Bass Charrington in the London and South-East area yesterday voted for strike action as a last resort in their battle with the brewery for better conditions.

The chairman of the Bass Charrington Tenants' Association said if his members did close pubs they hoped for support from tenants of other breweries throughout Britain, making it virtually a national pub strike.

Only four voted against the move for strike action as a final measure.

The tenants are demanding a new charter from Bass Charrington, similar to that recently granted by Watney Mann to tenants.

The charter offered by Bass was not acceptable, it was stated. The tenants say it contains clauses for ending tenancies at 65, no compensation is offered as a right, and rents are too high. They also want security of tenure.

Before any strike—which would last a day or so—they plan an embargo on the sale of some of the company's products, withholding payment of bills, and letters of protest to the Confederation of British Industry.

A draft letter to the CBI points out that Bass Charlngton is one of the companies which has undertaken to limit price increases to 5 per cent. for the next 12 months. The letter says the result of rent increases is likely to be dearer drinks.

At the meeting, representatives from Ind Coope and Watney Mann Tenants' Associations pledged support in the dispute.

Upward trend continues in catering trade

THE STRONG upward trend in the level of business in the U.K. catering trade continued in the three months to the end of June, according to provisional figures issued yesterday by the Department of Trade and Industry.

In value terms, according to the DTI, business was up 2 per cent. in the January-March period, equivalent to an annual rise of ... per cent. Licensed hotels and holiday camps had a particularly large advance.

Increases of 5 per cent. each for laundries and dry cleaners were recorded in the first half of 1971 compared with 12 months earlier. Men's and women's hairdressers achieved a rise of only ... per cent. in the same period.

Deadlines for investment grant spending

APPLICATIONS for investment grants in respect of expenditure incurred before January 1, 1969, must be made by the end of this year, the Department of Trade and Industry announced yesterday.

For grants on investment made between January 1 and March 31, 1969, the closing date is April 1, 1972. July 1, 1972, has been laid down in respect of expenditure incurred over the next three-monthly period, while October 1 has been named as the last day for which applications relating to the July 1-September 30 period can be considered.

The decision to set time limits was announced in the Commons on February 12 in connection with the changes in investment incentives.

Package charter prices 'too low'

By Michael Donne, Aerospace Correspondent

THE VIEW that competition in the "package tour" holiday business had now forced charter prices to a "dangerously low level" was expressed in London yesterday by Squadron-Leader T. J. (Jack) Jones, chairman of Channel Airways.

Speaking at a ceremony marking the silver jubilee of Channel Airways, Squadron-Leader Jones said that "tour operator tries to undercut tour operator; a cut here on hotel prices, a trim there on in-flight food costs, which the tour operator has to meet, or some other facility—and, in the middle, getting less value for his smaller outlay, is the holidaymaker.

"The competitive urge is understandable, and desirable, but tour operators should beware of ignoring the opinion of the holidaymaker saying he would rather pay a little more and get better value for money. It is a fact that, in spite of the general rise in the cost of living by at least 10 per cent. or more package holidays have been reduced, and are cheaper than ever."

Third airport

Squadron-Leader Jones also expressed the view that even when the so-called "third airport" for London is open at Foulness, there will still be a need for the existing Stansted Airport—contrary to the Government's view. The Government has already said that it foresees the eventual closure of Stansted when Foulness becomes operational.

He was critical of the Government for making such a statement.

"Channel Airways is in no way against Foulness—far from it. I have already said that we hope to be one of the first airlines to use this super airport when it becomes operational. But this does not mean there will not be a need for places like Stansted in the year 1980, to cater for the continued growth in air transport."

Redundancy fund pay-out soars

BY ELSBETH GANGUIN

THE GOVERNMENT'S redundancy fund paid out £12.8m. in the second quarter of this year, or over £3m. more than the £9.5m. it had to return to employers in the first three months.

The fund pays employers a 50 per cent. rebate of the money they must give to redundant employees under the Redundancy Payments Act. This means that the actual pay-out to redundant men and women was in the region of £45m. (a third more than in the first six months of 1970). In cases of bankruptcy, the Government guarantees the required redundancy payments, and under this provision £994,000 was paid out in the first quarter, and £2.3m. in the second quarter of the year.

£274 each

So far this year, redundancy payments went to 172,699 people (27 per cent. more than during the same period last year). In the first quarter, average payment per head came to £289. In the second quarter, this was down to £274.

So, while there has been a sharp increase in total payments beween the first and the second quarters of 1971, it does seem as if those made redundant during April, May and June were either not receiving particularly high wages, had shorter service, or that fewer older workers were sacked. (Redundancy payments depend on these three factors.)

Whatever the reasons the fund is in the red. In the Financial Times of August 3, it was suggested the fund was overdrawn by £1m. It now looks nearer £2m. While the fund can borrow up to £20m., without any difficulty, it is obvious that the situation is being kept under constant review.

When the fund was in the red before, rebates to employers were cut from 75 per cent. to 50 per cent. That was in March, 1969. I understand that no such plans exist at the moment, but it would probably be easier to raise employers' contributions to the fund than to repeat a cut in rebates.

Employers make their contributions of 6.3p for men and 2.9p for women via the National Insurance stamps. But there is certainly no evidence that there is any intention to seek legislation to cut down redundancy payments themselves.

Unless the peak in redundancies has been reached by now, something will, however, have to be done to put the fund back on to an even keel. Employers are likely to have to foot the bill.

Heinz venture in retail catering

By David Walker

H. J. HEINZ'S first venture in retail catering, the BeefTree restaurant in London's Edgware Road, will open within the next fortnight.

Specialising in "fast foods" such as roast beef in toasted buns and bergers, the project is seen as a test operation. "If the experiment goes well, further restaurants may be opened in other busy centres," Heinz stated.

"Every detail is carefully designed to appeal to young customers in a hurry for something good yet inexpensive."

Heinz's involvement in the increasingly competitive fast foods business in the U.K. follows the success of similar moves by the company in the U.S. and Australia.

The development in retail catering also comes after rapid growth recorded by Heinz in the industrial catering field. Its turnover there has advanced by 135 per cent. over the past four years, compared with an all-industry rise of 25 per cent.

APPOINTMENTS

Vice chairman of Clydesdale Bank

Mr. R. D. Fairbairn, director and general manager, is to become vice-chairman of the CLYDESDALE BANK. He will retire as general manager on September 30 and is to be succeeded in that post by Mr. A. R. Macmillan, at present an assistant general manager.

★

Mr. Rex Christie has been appointed marketing manager of LENTHERIC and of MORNY. Mr. David Batchelor is marketing director of both companies.

★

Mr. A. E. Gullis, comptroller of the DECCA RECORD COMPANY, has been appointed a director of the company.

★

Captain G. R. Rees has been appointed director of marine services, PORT OF LONDON AUTHORITY.

★

Professor Hugh Ford, whose appointment to the Board of Alfred Herbert was reported yesterday, has relinquished his directorship of DAVY-ASHMORE.

★

Mr. Arthur Cohen, a director and chief executive of Hallmark Securities, has been appointed to the Board of the parent company SPEY WESTMORELAND PROPERTIES.

★

Mr. T. A. Rodgers has resigned as a director of QUEENSLAND MINES. Mr. J. S. Millner has been appointed to fill the casual vacancy.

★

Mr. A. S. W. Mossop has been appointed to the Board of PINCHIN JOHNSON PAINTS, part of the International Paint Company, as financial director.

★

Mr. John Vevers is to succeed Mr. C. A. Zweigbergk as director and secretary of the BRITISH ELECTROTECHNICAL APPROVALS BOARD when the latter retires at the end of this year.

★

Mr. M. E. Hallam has been appointed works director and Mr. W. Bradley financial director and secretary of B. D. STEELS STRUCTURES, a member of Astruct.

★

First National Finance Corporation which now owns about 46 per cent. of the issued capital of the DIRECT SPANISH TELEGRAPH COMPANY has assumed responsibility for the management of the trust.

Mr. P. Matthews, Mr. L. Maxted, Mr. D. Taglight and Mr. D. Crow have joined the Board of the trust in place of Mr. R. W. Hampton, Lt. Col. A. D. Baldwin and Mr. E. G. Done, who have resigned.

★

Mr. Cyril Metliss has been appointed to the Board of the BRITISH LAND COMPANY.

Sharp rise in secondhand car sales in June

BY DAVID WALKER

SECONDHAND car sales rose sharply in the last full month before the mini-Budget, according to provisional figures for the motor trades' turnover in June issued yesterday by the Department of Trade and Industry.

In value terms, deals involving used vehicles were 22 per cent. up on the same month last year, the DTI revealed. The result was to bring sales for the three months from the beginning of April to 15 per cent. above the corresponding period of 1970.

New cars

New car sales also advanced significantly, going up by 18 per cent. in value on the previous June. Over the same period, manufacturers raised prices by an average of 8 to 10 per cent.

Receipts from sales of petrol, oil and accessories and from servicing and repairs went up substantially over the 12 months, but by a smaller amount—10 per cent.

In all, the total motor trades' turnover in June was 15 per cent. up on June, 1970, giving an average advance of 14 per cent. for the second three months.

WILSON IN NEW MARKET MOVES

Mr. Harold Wilson plans to speak at two of the Labour Party's campaign meetings against entry into the Common Market on the present terms.

Full details have not been settled, but Mr. Wilson will address the final meeting in Central Hall, Westminster, on October 18.

SPEEDY CUSTOMS CLEARANCE

The South London Inland Clearance depot has been opened in south east London. It offers Customs clearance within 24 hours of receipt of documents.

WHITBREAD AND COMPANY LIMITED

We are aiming for another substantial improvement in profits for the current year, reports the Chairman, Col. W. H. Whitbread.

The Annual General Meeting of Whitbread and Company Limited will be held on 10th September, 1971, at Brewery, Chiswell Street, London, E.C.1.

The following is the Statement by the Chairman, Colonel W. H. Whitbread, circulated with the Report and Accounts for the year ended 3rd April, 1971:

In my last few Statements I have referred constantly to our difficulties over the Government's control of the price of beer, which has caused cash problems, and have always hoped that the time would come when we would be free to run our own business without Government interference. As you will see in the Directors' Report, as a result of the price of beer being freed from control last autumn, we are now able to adopt commercial pricing policies within the competition of the Industry. This freedom, coupled with effective management, which I will refer to later in this Statement, has resulted in an upsurge in profits which has helped to resolve some of our liquidity problems.

The Accounts

You will observe that our profits before tax were nearly £16 million against £12.5 million last year, which is an increase of 27½%. If both figures are made comparable by adjusting for the loss in South Africa, consolidated this year, for sixteen months trading in White's and for five more trading days last year, the increase in profits amounts to £4.1 million or 34%.

As regards our cash position, of the total funds of £17.9 million available to us in 1970/71, £10.5 million derived from profits, depreciation and investment grants, and £7.4 million from the realisation of assets. Of these funds we spent £7.9 million on production and distribution assets, and £3.4 million on the expansion and modernisation of our houses, and on other sundry items. The balance of £6.6 million has been used to reduce the Group's indebtedness. We are now in a stronger position to meet future investment requirements which include expenditure to bring our new brewery at Samlesbury into production in 1972, and our new Soft Drinks factory at Beckton, East London.

It is still a problem to us, as to many other industries, that interest rates remain so high, though there are signs of relaxation.

Our cash position has been helped by tightening up on credit and paying more attention to our debtors. The reduction in Corporation Tax has also been worth nearly £800,000 to us.

Management Services

There has been a general strengthening of management services and in the reorganisation of the Group's purchasing and insurance activities, which should provide substantial benefits in the future. The Group had converted to computers for D-Day and significant advances are now being made in our use of them.

Decimalisation

Much trouble was taken over decimalisation. A vast operation of training, which included courses for all our managers and retailers, was undertaken, and books and conversion cards were distributed throughout the organisation many weeks before D-Day. The result was that, instead of a colossal muddle, decimalisation went off smoothly as practically a non-event. I do congratulate all those concerned with this operation.

Management

All of us feel deep regret for the recent death of a colleague, Captain Mason Scott, R.N., who only recently retired, after a prolonged illness which he bore with great fortitude. Everybody throughout the Group knew and respected Mason Scott. He was the Director largely responsible for dealing with our staff, not only over their recruitment and development but over the many human problems which constantly arise among a large collection of individuals in a large Company like ours.

Admiral Sir Conolly Abel Smith has retired at the age of 71. He came to Dutton's Brewery in 1959 and became Chairman in 1960, where his leadership created a happy ship. He later successfully chaired the Board of Bentley's Yorkshire Breweries. We thank him for what he has done for the Group and wish him a long and happy retirement.

Mr. Guy Rudgard, who was an Executive Director on the Main Board, also retired during the year. He was previously Managing Director of Fremlins, Maidstone, and is now their non-executive Chairman. Apart from his knowledge and experience, we shall miss him particularly as a friend and someone with whom it has been a delight to work.

Mr. John Lodge retired as a Specialist Director earlier this year. We were fortunate enough to find him at Tennant's of Sheffield when we merged with them in 1961, and brought him to London to employ his skills on the development of our tenanted and managed houses. He leaves many friends, both here and in the retail trade.

Mr. Noel Hodgson retired as a Specialist Director last December after a career with the Company lasting 34 years, mainly on the production side, finishing as Brewery Manager, Chiswell Street. He has many friends both within the Group and throughout the Trade.

Mr. Harold Jenkins, who is Wholesale Marketing Director, was appointed to the Home Board in November 1970, and Mr. John Fox was appointed Specialist Director (Public Relations) in March of this year.

Management Training

During the year the Home Board and Senior Management, including the Chief Executive, completed various training courses and seminars to improve their knowledge and ability, to enable them to cope with the ever-changing conditions in which our Industry operates.

I have great confidence in the present Management, whose average age is 49, which leaves them still young enough to learn new techniques as they develop.

Staff and Employees

The last few years have been an extremely difficult time for our staff and employees owing to the continued inflationary climate, which accelerated violently during the run-up to the General Election. I must thank all those who have loyally supported us through this very difficult time, and your Board fully recognise that this has been a very hard period for them. I hope that we shall all be able to settle down happily to work together for the good of this great association of companies in the future, when we hope inflation will not be moving ahead so fast.

Industrial Relations

It has always been the earnest desire of those responsible for running this Company to be on the very best of terms with everybody who is working for them, and for all our people to be on the best of terms with each other. This is an ideal I have always sought after, and we are trying to make sure that every man and woman in the Company knows exactly who they are responsible to, who is responsible to them, and what they as a team are seeking to achieve; also that they should treat each other as human beings and friends, and not as units.

I believe that when the Industrial Relations Bill becomes law, and is fully understood by all those concerned, it will operate to the advantage of both the employee and employer. The trouble is that there has been so much discussion and criticism that it has been difficult to understand, which makes everyone suspicious.

Pension Scheme

We have recently been considering the introduction of a Group Pensions Scheme for our employees, to operate from April 1972, to replace the large number of different and varied schemes which at present exist. Under the new scheme, no employee will be worse off than he is under his existing arrangements, and many will be substantially better off.

Share Incentive Scheme

We have always wanted to encourage management by allowing them to have some interest in the equity of the Company, and, therefore, after much consultation we wish to introduce a share incentive scheme. The object is to provide a special incentive to managing directors and executives, without diluting the profits of the shareholders. I realise only too well myself the tremendous problems of a rising cost of living.

Properties

During the year we sold properties to the value of over £5 million, which consisted of £3,500,000 worth of licensed properties and £654,000 industrial properties, the remainder being made up of shops, private dwelling-houses, land and unlicensed properties. This, as I have already pointed out, has helped our cash position. The number of on-licences at the end of the financial year was 7,940. This is a decrease of 340 compared with last year's total. We closed 302 licensed premises, 250 voluntarily and the balance by reason of compulsory purchase orders.

During the year, eight new houses were opened, costing £331,000, and there are at present twelve new houses in the course of construction at the overall cost of £648,000.

Whitbread Trafalgar

As shareholders already know, this Company was formed two years ago in order to develop our properties to their best advantage. At present there are 16 properties at various stages of development but progress is inevitably slow, owing to the difficulties in obtaining planning consents. It is hoped that the amount of cash which will become available to the Group, after allowing for Capital Gains Tax and including Whitbread's share of the net profits of the joint company, will exceed £3,500,000 over the next five years.

As regards the Chiswell Street site, negotiations have continued with the Local Authorities concerned and objections to the G.L.C. proposals affecting Chiswell Street have been made to the Panel considering the Greater London Development Plan. Although no positive result has yet been achieved, I am confident that a satisfactory solution to the problem will be found.

Production

There have been very substantial improvements in operating costs in our Luton brewery, due to the whole plant working more efficiently. The greatly increased demand for Heineken lager has required a further expansion there, and our new brewery at Samlesbury is now under construction. Samlesbury is expected to be in production during the summer of 1972. Situated on a 56 acre site between Preston and Blackburn, and adjacent to the M6 motorway, it will be capable of meeting our trade in this area in the foreseeable future. During the year we have closed our brewery in Edinburgh and have opened a new distribution depot at Rutherglen, Glasgow, to ensure an efficient distribution of our beers in Scotland.

The quality of our beers is ever present in the minds of your Board, and we have recently reorganised our quality control to ensure the continuance of the high quality of our production.

Distribution

With labour costs continuing to rise and representing more than 65% of overall Distribution costs, good planning and efficient utilisation of manpower in this field of operations are receiving increasing attention.

This was a year of wage explosion, and the bulk of the overall increase arises from direct labour costs, which at £7,500,000 was an increase of nearly £1,000,000, or 14%. It is, however, evident that extra productivity has to some degree offset the rise in wage levels, and there have been reductions in numbers employed as well as in the use of hired transport.

Rationalisation

To give some idea of the rationalisation which has taken place in the Whitbread Group since 1960, we have closed 15 breweries, 24 bottling plants and 54 distribution depots, and during the same period, apart from the new brewery and bottling stores at Luton, we have improved and enlarged ten breweries and three depots.

These are formidable figures, not only as regards planning but in dealing with those employed so that the least unhappiness and disruption of life is caused. We have paid out large sums in redundancy payments and in pensions, and I am sure that shareholders will agree that the Board should treat all those who have worked for us in as generous and kindly a way as possible.

Wines and Spirits

Some years ago we concentrated our wines and spirits interests into Stowells of Chelsea. This Company has made considerable progress during the year, and one of our successes has been our range of Corrida Spanish wines, where sales increased by 30%.

Our retail shop Companies—Threshers and Mackies—increased their profit substantially this year and it is encouraging to note that there are some signs of price stability appearing in the High Street, where competition has been ferocious and the return on capital invested in our shops has been low.

We believe a good deal more money could be made out of our sales of wines and spirits, and the Board are determined to give their attention to this and develop Stowells of Chelsea to take advantage of the growth of this market.

Marketing

Up to shortly after the war, our trade was 20% tied and 80% free. It is interesting to note that this year it is nearly 60% tied and 40% free. This is due to the mergers carried out with other breweries during recent years, but the proportion of free trade still remains high compared with many of our competitors. The volume of Home Trade increased by slightly under the national average, which is not surprising in view of the closure of a number of public houses. The important point is that profitability has increased.

Draught beer sales are about 70% of our trade, and continued to expand at a similar rate to last year at the expense of packaged beers. Bottled and Draught Heineken sales exceeded expectation and Draught Heineken already represents a share of 20% of the England and Wales lager market. Stella lager, brewed by the Artois Brewery in Belgium, has also got off to a good start and made rapid progress in the premium lager market.

In spite of a small fall in the sales of our bottled beers, our market share has increased by nearly 2%. Gold Label continued to increase by over 20% for the ninth year running.

In a year when the national growth of small cans continued at the high rate of 24%, our can sales increased by over 40%, Heineken and Mackeson cans showing the major increase of over 64%.

Litter is a national problem, and we are very conscious of the part that we can play in ensuring that our packing materials are easily disposable, and do not become litter. To this end, an anti-litter message has been put on all our packaging.

Our Tenants

You will realise there are great changes going on in the industry in the relationship between the brewer and the tenants of his houses. Whitbread tenants are regarded as independent businessmen working in partnership with us to provide a high standard of service to the public and to obtain the maximum return on capital invested for us both. We have attached great importance to maintaining a close liaison at all levels throughout the Company, and in all areas of the country, with the National Federation of Licensed Victuallers, the London Central Board and the National Association of Licensed House Managers. During the past year we have reached agreement with the National Federation and the London Central Board, whereby all those who take the tenancy of any of our houses after the 1st October will buy their beer at free trade prices, and all existing tenants will be given the option to do so if they wish. Tenants will also be given the opportunity to apply for a tenancy agreement covering a three year period, and we hope this will give them a feeling of greater security.

Development of Managed Houses

Apart from the benefit of price increases, the retail profits from managed houses increased by good management by over £600,000 during the year. We have extended further into hotels by purchasing from Trust Houses Forte their share of Severnside Hotels in Wales. We formed a joint company with J. Lyons, called Whitly Inns, through which it is hoped to develop hotels and acquire new sites. We operate over 100 first class restaurants which have exceptionally high standards of comfort and food at highly competitive prices, and it is our intention to develop further in this field. I have looked upon it as of great importance that every licensed house should sell food of some kind, appetisingly displayed and served, so we are giving special attention to the development of snack catering and the provision of low-priced meals.

Soft Drinks

The soft drinks side of our business continues to expand, and the R. White and Rawlings brands are now much in evidence in England and Wales. We have had to sell our Barking factory to the local authority but plans are now well in advance for a new production factory at Beckton.

Overseas Trading

During the year further progress has been made with the development of our export business, particularly in the United States and the West Indies. While this is most satisfactory, a note of warning must be sounded about the effect that steadily rising costs in the U.K. are having on our profitability and competitive position in these markets. A measure of rationalisation is being introduced but this can only partially counteract the effects of inflation.

Belgium remains by far Whitbread's most important market on the continent of Europe. Again we have improved our dominant position in the imported beer sector where our product range has been augmented by the introduction of Campbell's Scotch and Christmas Ales. Once again we would like to express our gratitude to all our customers in Belgium and particularly the Artois Brewery who have supported our products so well.

During the year our trading arrangements in France which up till now had been with Société Européenne de Brasseries have been extended to include Kronenbourg, who are now in the same Group. This should provide a good base for the distribution of our products throughout France.

A number of new pubs have been opened, mostly within the Paris area, with Whitbread's financial support. This chain of pubs forms the backbone of our marketing effort in that country.

In Switzerland our trading agreement with the Cardinal Group is proving a success. It is hoped that this partnership will be equally successful in developments planned on the retail side of our business.

In my report last year I spoke of an arrangement we had come to with South African Breweries. The limited nature of this agreement has not, however, produced the results we had hoped for, and we have, therefore, concluded a further agreement whereby we have sold to them our brewery interests and formed a joint company with them to market the Whitbread products.

I am pleased to be able to report that we now see our way to a profit-making position, although inevitably this will be modest initially.

Brickwoods

Brickwoods became an Associated Company of ours as long ago as 1959. At that time, Colonel R. A. N. Shutte was Chairman, and he invited me and Mr. C. H. Tidbury to join their Board. In 1966, Mr. Tidbury became their Chairman. Later, as an addition to the original trading agreement, Brickwoods were permitted to brew Tankard, which proved a great success.

Earlier this year, talks on further co-operation gradually led to the conclusion that a complete merger would be in the best interests of both parties, provided a fair price could be negotiated. This was finally done by Kleinwort Benson and Baring Bros. acting respectively as financial advisers to the two Companies, and the offer was accepted by Brickwoods' shareholders on the 14th May. I am sure Brickwoods will prove to be a great addition to our strength in the south of England, and Mr. W. D. Frost, a most able Managing Director, leads a strong team at Portsmouth.

The Future

I have decided to retire from being Chairman of the Group on December 31st of this year and will hand over, after 27 years, to Mr. F. O. A. G. Bennett, with whom I have worked for many years and for whom I have the highest regard and respect. The Board have also asked me to remain as a non-executive Director and have elected me President of the Company from that date. I leave the Management and the Chairmanship with the greatest confidence to my successor and the Board.

We are aiming for another substantial improvement in profits for the current year and good trade in April and May gave us a promising start. However, poor weather and trade in June and severe pressure on wages and other rising costs will make the attainment of our objectives a tough assignment. I am quite sure your Board will meet the challenge with wisdom and determination, and we as shareholders are indeed fortunate to have such men to guide our destinies.

WALL STREET + OVERSEAS MARKETS

Dow soars 32.9 in record 31m. trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, August 16.

PRICES SOARED in the heaviest trading on record on Wall Street to-day, following President Nixon's new economic policy.

The market opened strong, with the Dow Jones Industrial Average up 7.88 to 863.90 in the first half-hour, rising to 873.90, up 17.88, after the first hour in a record 8.56m.-share volume, and steadily advancing to 888.95 by the close, for a net rise of 32.93 on the day. The NYSE All Common Index moved up $1.79 to $54.67, while gains led declines by 1502 to 119. Volume was 31.72m. shares, up 21.76m. on the day, and compares with the previous record day volume of 28,253,000 shares traded on February 9, 1971.

The announcement by President Nixon of his remedies for an ailing economy fuelled a strong rise nearly across the board, as the Stock Market endorsed the moves towards a wage-price freeze, severing of the dollar from the gold standard, establishment of import taxes and some proposed domestic tax cuts.

Analysts attributed the rise to a degree of renewed confidence, and that the Nixon Programme may bring back the individual investor, whose absence has dampened all the previous rally attempts.

Most notably exceptions to the rise were among International Oils, Foreign issues, Importers and Gold shares, which all backed down.

The biggest advance of the day was made by IBM, which ran up $19 to $314 at the close, after opening up $25 at £$320—the biggest point gain recorded in the history of the Exchange.

In the Blue Chip sector, Chemicals developed strong leads. Dupont advanced $5¾ to $147¼, Allied Chemical $2¼ to $32¼ and Union Carbide $3¼ to $46¾.

Westinghouse were lifted $5¼ to $90¾ and General Electric $4¾ to $59.

Among other Computer issues, Burroughs jumped $12¼ to $133¾, Control Data $5¾ to $57¾, Honeywell $4 to $102¼ and Memorex $5¾ to $35¼.

Chrysler, the only major car issues to trade, closed up $4¾ to $30¾. One of the Administration's proposals calls for repeal of the 7 per cent. Excise Tax on motors. Ford, G.M. and American Motors were delayed all day because of the heavy number of buy orders.

Steels, scored sharp gains. U.S. Steel finished ahead $2¾ at $31, Bethlehem $2¾ to $24¾, Republic $1¾ to $24¼, Inland Steel $3¼ to $30., and Jones and Laughlin $3¼ to $16¼.

U.S. Camera Producers also enjoyed the run-up. Polaroid rose $5¾ to $110¾, Eastman Kodak $3¼ to $81¼, and Gaf $1¾ to $18¾.

Shoe stocks also found some joy in the new Import Tariffs. Scoa advanced $1¼ to $15, Weyenberg Shoe $2¾ to $32¾, and U.S. Shoe $1¾ to $24¾.

Machinery and Machine Tool Makers showed strong gains. AMF rose $2¾ to $30¾, Gardner-Denver $2¾ to $47, Babcock and Wilcox $2¾ to $38¼, Buffalo Forge $2¼ to $42¼ and Arner and Swasey $5 to $33¼.

International Oils slipped on speculation that the major oil producing nations (OPEC) would ask for a new price increase to compensate for the lower value of the dollar. Jersey Standard fell back $2¾ to $70¼, Amerada Hess lost $2¾ to $56¾ and Mobil declined $2¾ to $48¾.

The American Index put on 54 cents to $25.13 in a volume of 8.62m. (2.25m.) shares.

AMCO Industries dropped $5 to $15¼—it is a U.S. distributor of Japanese-made cars.

OTHER MARKETS

Canada mixed

Industrials closed higher, Utilities mixed and Banks and Papers lower in moderately active trading in Canadian Stock Markets yesterday. Alcan lost $¼ to $19¼ and Imperial Oil picked up $1 to $29.

Golds lost 6.22 on index. Base Metals eased 0.70 and Western Oils gained 1.64. General Motors rose $5¼, Chrysler $4 and Ford of Canada $3. Supertest Ordinary added $2¼ at $57¾. Dome Petroleum (new) $1¼ to $38 and Texas Gulf Sulphur $1 to $17. Electrohome lost $1¼ to $37¼, while Dome Mines dropped $5¼. McIntyre

GERMANY — Markets were sharply lower, with average losses of between DM3 and DM5, and some export-related issues falling further on the U.S. economic measures. Hoechst off DM5, led Chemicals down, while Siemens fell DM7.1 in Electricals.

In Motors and Engineerings, BMW dropped DM11.5, Linde were lowered DM8 and Volkswagen dipped DM6.

Banks also weakened with Deutsche Bank down DM8.

In Bonds, Public and Corporate Issues tended firmer. Foreign Mark Loans were irregular.

SWITZERLAND — Weak on President Nixon's economic package. Trading, although more active than recently, was not hectic.

Alusuisse, Sandoz and Sulzer led Industrials down while, in Financials, Interfood were dull. Banks and Insurances showed limited falls.

State Bonds also declined in quiet trading.

There was no official trading in Foreign stocks.

AMSTERDAM—Lower levels on fear that the new U.S. Import Surcharge would hit Dutch exports to the U.S.

Internationals weakened, led by Royal Dutch which fell Fls.2.4. Philips eased ahead of its figures, scheduled for to-morrow.

Local Industrials and Plantations also eased. In mixed Shippings, KNSM were very firm. Banks advanced, but Insurances and Investment Funds retreated.

State Loans edged lower.

VIENNA—Market was firmer, with advances leading declines by four-to-one.

OSLO—Banks were firm, Insurances had an easier undertone, Industrials were irregular, while Shippings tended lower.

COPENHAGEN—Mixed in quiet trading.

MILAN—Closed yesterday for annual holidays.

French Bourses, Foreign Exchange Markets and Banks were closed yesterday as compensation for the Assumption holiday of August 15. The French Gold Market was also closed.

BRUSSELS—Bourse and Belgian Banks closed yesterday in celebration of Assumption.

AUSTRALIA — Mining shares were marked back in active trading, Oils moved lower and Industrials also came back.

Pancontinental fell 18 cents to $1.08, and Peko Wallsend, which has its uranium prospect near Queensland Mines' Nabarlek deposit, lost 30 cents to $8.50.

Meekatharra dropped 29 cents to $1.31 offered, and Spargos fell 6 cents to $1.15. Loloma firmed 8 cents to $1.30.

Among "Heavyweights," W.M.C. lost 15 cents to $3.31 and C.R.A. 20 cents to $8.15. Bougainville Mining stood out with a 10 cent gain at $2.80, but Hamersley fell 33 cents to $3.47.

Among Oil shares Santos declined 10 cents at $3.70 and Magellan dropped 12 cents to $1.95.

Among Industrials, Thiess gave way 10 cents at $3.15 and A.M.I. 4 cents at $1.05.

Bank N.S.W. gained 6 cents to $6.10 and I.A.C. 1 cent at $1.67.

Marginal losses were shown by Amalgamated Wireless at $1.22 and Pioneer Concrete at $1.17.

JOHANNESBURG — Golds closed firm but off the top. Some early London interest was seen following President Nixon's economic package, but prices reacted from earlier higher levels reflecting lack of follow-through and some hesitancy on the closure of the London gold bullion market. Financial minings also closed firmer, but off the top, in sympathy. In Diamonds, De Beers was firmer on balance. Coppers and other Metals were quiet. Banks were mixed, while Collieries were dull. Financial Industrials were mainly quiet, with Industrials featureless.

TOKYO—The market made its heaviest fall in history on widespread fears of yen revaluation, prompted by President Nixon's statement. There was a rush of selling at any-prices orders. Many dealers wanted to liquidate their positions pending further clarification of the situation. Volume was 240m. shares. Matsushita Electric Industry and other Light Electrical issues, including Mitsumi Electric, Pioneer, and Alps Electric declined sharply in fear of a reduction in exports to the U.S. due to the import surcharge. Mitsubishi Estate and such latent asset issues as Casualty Insurance, Real Estate and Private Railways, on the other hand, were bought for a while.

Such leading Construction issues as Taisei and Obayashi were sold due to their unfavourable business results. Honda Motor was also sold because of the withdrawal of defective motor-cycles from the U.S.

The impact of Mr. Nixon's announcement prevailed widely on almost all issues in the afternoon, centring on export related issues. Conspicuous losers were Tokio Marine, Matsushita Electric Industry, Alps, Tateisi, Fujitsu, Taisho Marine, Sumitomo Marine, Showa Oil, Mitsubishi Kakoki, Nippon Musical, Maeda Road and Obayashi.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.*	Util.	Trading volume† 000's
Aug. 16	70.02	225.22	888.95	115.16	31,720
13	69.92	214.55	856.02	115.02	9,960
12	69.95	213.57	859.01	115.16	15,910
11	69.88	209.28	846.38	112.38	11,370
10	69.97	205.05	839.59	112.15	9,460
9	70.15	205.12	843.65	111.95	8,110
6	70.27	206.88	850.61	112.83	9,490
5	70.15	205.45	849.45	112.75	12,100
1971 High	71.98 (6.4)	232.79 (28/4)	950.82 (28/4)	128.39 (19/1)	—
Low	68.62 (4.1)	169.70 (4/1)	830.57 (4/1)	111.93 (9.2)	—

* All-time high 995.15 (9/2/66). - All-time high 279.88 (7/2/69). Φ All-time high 163.32 (20/4/65). † Excluding bonds.

IND. DIVIDEND YIELD p.c.

Aug. 13	Aug. 6	Aug. 1970
3.74	3.75	4.40

N.Y. SE ALL COMMON INDEX

Dec. 31, 1965=50.

1971 High	1971 Low	Mon.	Fri.	Thurs.	Wed.	Tues.
57.76 (28.4)	49.73 (4/1)	54.67	52.88	53.03	52.29	51.60

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,702	1,502	119	81

1970/71	Mon.	Fri.	Thurs.	Wed.	Tues.
New Highs	81	11	14	6	2
" Lows	17	45	49	65	152

AMERICAN SE ALL STOCKS AVERAGE

1971 High	1971 Low	Mon.	Fri.	Thurs.	Wed.	Tues.
26.69 (23/4)	22.72 (4/1)	25.13	24.59	24.61	24.40	24.21
Volume (000's)		8.620	22.50	4.090	2.550	2.440

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Aug. 16	108.92	95.76
13	105.46	93.69
12	105.83	96.00
11	104.29	94.66
10	103.00	93.54
9	102.99	93.33
6	103.80	94.25
1971 High	115.84 (25.4)	104.77 (25.4)
1971 Low	99.73 (4.1)	91.15 (4.1)

* 425 Industrials. † 425 Industrials, 50 Utilities and 25 Rails. (1941-43=10.)

STOCK AND BOND YIELDS

	Aug. 11	Aug. 5	Aug. 12 1970
Industrial div. yield pc	3.04	3.06	3.87
Price-earning ratio	17.37	17.42	13.17
Long-term Govt. Bds. yield pc	6.21	6.28	6.85

MOST ACTIVE STOCKS

	Shares traded	Closing price	Change on day
Chrysler	761,700	30¾	+4¾
Sony	415,500	16	-2
General Electric	386,200	59	+4¾
Goodyear Tire	325,600	32¾	+4¾
Bethlehem Steel	299,400	24¾	+2¾
Gt. Atlantic Pacific	290,600	23¾	+2¾
Occidental Pet.	282,200	16¼	-¼
Continental Oil	279,300	35¾	+2¾
U.S. Steel	272,400	31	+2¾
Stand. Oil N.J.	217,700	70¼	-2¾

TORONTO

INDUSTRIAL INDEX

Closed August 2

Aug. 16	Aug. 13	1971 High	1971 Low
173.82	178.90	183.74 (12/4)	171.44 (10/2)

MONTREAL

INDUSTRIAL INDEX

Aug. 16	Aug. 13	1971 High	1971 Low
185.29	182.91	190.56 (28/4)	176.59 (4/1)

COMBINED INDEX

Aug. 16	Aug. 13	1971 High	1971 Low
180.19	176.88	182.61 (28/4)	172.43 (22/2)

JOHANNESBURG

	Aug. 16	Aug. 13	1971 High	1971 Low
Industrials	187.7	187.1	212.4	185.3
Golds	84.0	83.9	97.4	72.4

(1958=100) Source: Rand Daily Mail.

AUSTRALIA

MELBOURNE YIELD INDICES

Av'ge yield on 50 Leading Stocks	Aug. 12	Aug. 5	July 29
On Dividends	5.64	5.63	5.55
On Earnings	9.62	9.65	9.55

SYDNEY ALL ORD. INDEX

Aug. 16	Aug. 13	High 1971	Low 1971
476.04	478.47	518.51 (8/1)	474.87 (11.8)

TOKYO

NEW SE INDEX

Base-line January 4, 1968.

Aug. 16	+ or -	Div. %	Yield %
196.66	-12.34	11.90	2.88

1971	High	Low
	209.19 (13/8)	149.53 (5/1)

EUROPE

	Aug. 16	Previous	1971 High	1971 Low
Belg'm (*)	[illegible]	105.40	108.74	92.18 (5/1)
France (b)	[illegible]	78.1	[illegible]	74.3 (5/1)
Germany (c)	105.20	105.19	112.71 (5/1)	94.96 (5/1)
Holland (d)	120.6	121.4	[illegible]	112.6 (6/1)
Italy (e)	[illegible]	50.56	[illegible]	42.94 (12/7)
Sweden (f)	276.50	282.46	[illegible]	245.71 (6/1)
Switz'l'd (*)	298.6	304.8	[illegible]	253.5 (4/1)

* Herstatt Index. (a) Base amended to January 2, 1962, from December, 1950. *Swiss Bank Corporation Index base 100 December, 1958. (b) Basis 100 December 29, 1967. (c) Closed. (m) Base date amended from 1953 to 1963 ... (d) Adjusted ... quoted on base 1962=100 and no longer 1953=100. (e) Base date December 29, 1966. (f) New index introduced by Paris Bourse Committee basis 1961=100.

MONEY + EXCHANGES

Official bill sales

Bank Rate 6% (April 1, 1971)

Credit was in free supply from the beginning in the Discount market yesterday. Government disbursements exceeded revenue transfers to the Exchequer, and foreign exchange settlements were once more in the market's favour. It seemed that in comparison to these factors there was only a modest net take-up of Treasury bills. The authorities sold a very large amount of Treasury bills (including some, it is understood, of very short date), in order to absorb surplus funds.

A rate of 4½ per cent. was bid widely for day-to-day loans from the start, though higher levels may have been touched in places at the very beginning. A level of 3½ per cent. was touched for non-clearing bank balances even in the morning. In the afternoon a rate as low as 3 per cent. was touched, but—with the official bill sales, and with money perhaps not coming as freely on offer as had been expected in some quarters—by the close there was a tendency for 3½ per cent. to be reached once more, and 4 per cent. was sometimes quoted. Some three-month Treasury bills were sold at 5 45-64ths per cent.

In the inter-bank market, overnight loans commanded 4¼-4¾ per cent. to start with, but fell away to about 3¾-4 per cent. Short-term fixed period rates in the various markets tended to weaken.

Aug. 16	Sterling certificates of deposit	Inter-bank	Local Authority deposits*	Local Auth. negotiable bonds	Finance house deposits	Inter-company loans	Discount market deposits	Treasury bills Φ	Bank bills Φ	Fine trade bills Φ
Overnight	—	3¾-4¾	3½-4½	—	—	6⅛-6⅝	5-4⅝	—	—	—
2-days notice	—	—	5-5¼	—	—	6⅛-6½	—	—	—	—
17-days or 7-days notice	—	4¾-5¼	5-5¼	—	—	6¼-6½	4¼-5⅝	—	—	—
One-month	5⅝-5½	[illegible]	5½	6.10-5.50	6½-5¾	6½-6⅝	—	—	—	—
Two-months	[illegible]	5⅝-5[illegible]	6½-5¾	6.15-5.75	6¾-6⅞	—	—	5[illegible]	5[illegible]-6[illegible]	—
Three-months	5⅞-5[illegible]	[illegible]	5¾-5[illegible]	6.12-5.90	[illegible]-6⅛	6½-7¼	—	5[illegible]	5⅞-6[illegible]	6¼-7¼
Six-months	6⅛-6	[illegible]	6-6⅛	6.35-6.18	6¼-6⅝	7½	—	—	5[illegible]-6[illegible]	6¼-7¾
Nine-months	6⅜-6¼	[illegible]	6⅛-6⅜	6.40-6.30	6⅜-6¾	7¾	—	—	—	—
One-year	[illegible]	[illegible]	6⅝-6⅞	6.45-6.35	6⅞-7	7⅞-8	—	—	—	—
Two-years	7⅛-7	6⅞-7¼	7⅜-7½	7.15-6.95	7¼-7⅜	—	—	—	—	—

* Local authorities seven-days' notice, others seven-days' fixed. * Longer-term mortgage rates: three-years 7½ per cent., four-years 7½-8 per cent., and five years 8-8½ per cent. Φ Rates given are for buying. Selling rates for Treasury bills 5 41-64ths per cent. for two-months and 5 45-64ths per cent. for three-months; selling rates for bank bills and for trade bills unavailable. Rates on bank bills are on those eligible for re-discount at Bank of England.

Finance House Base Rate (published by the Finance Houses Association) 6½ per cent. from August 2

EXCHANGES AND BULLION

With the news of the U.S. measures to meet the currency crisis, foreign exchange markets in London and major European centres generally were closed yesterday. Dealings, however, continued in New York, and there were also highly unsettled dealings in London in foreign currency notes and in Euro-dollar deposits. Early quotations for the pound in New York were reported to run to a level of $2.46, against the pound's official ceiling of $2.42. By the close the pound was at $2.42 13/32, and in New York approximate rates for certain leading Continental currencies were 2.0310 U.S. cents bid to the Belgian franc (against Friday's close of 2.0155), 99.235 to the Canadian dollar (against 98.92), 18.24 to the French franc (against 18.14375), 25.025 to the Swiss franc (against 24.620), and 29.545 to the German mark (against 29.4925).

Euro-dollar deposits were in high demand, with the day-to-day rate reaching 50 per cent. or so, and though overnight eased back to close in London in places at least at about 20 per cent., levels of 40-50 per cent. were quoted for each of the next two days. There were appreciable gains in the longer-term rates. Call and 7-days' notice rates were not available, but at the end the one-month was around 11-11½ per cent., the 3-month 9¼-9¾ per cent., the 6-month 9-9¼ per cent., and the one-year 8¾-9 per cent. Longer-term quotations were not available, nor were those on Continental units or on Canadian dollars, business in which was high by negotiation. U.S. dollar certificate rates were also settled by negotiation, and were not available for quotation.

In Hong Kong, gold rose $1.1 U.S. cents an ounce to $45.5 before dealings closed early as a result of an approaching typhoon.

EXCHANGE CROSS-RATES

—AS AUGUST 13

Aug. 13	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	3.386-369	(U)	(U)	(U)	(U)	(U)
N. York	29.425-500	—	18.14-1475	2.015-018	2.4195-4198	28.91-92	24.615-625
Paris	162.30-3.07	5.51275-325	—	11.105-113	13.3360-3445	160.24-35	136.03-15
Brussels	14.66¼-66¾	49.62¼-¾	9.0-00½	—	120.05-10	14.40¼-¾	12.25¼-24¾
London	8.19¾-20¼	2.41¾-42	13.33¼-¾	120.0-10	—	8.36¾-37¼	9.81¼-82¾
Am'd'm	101.83¾-93¾	3.44½-¼	62.49¾-54¾	6.94¾-⅝	3.33¼-¾	—	84.86¾-91¾
Zurich	119.80-120	4.06-07	73.60-60	8.13¾-16	9.25-35	117.60-90	—

U.S. $ on Montreal 1.01 1/16-⅛. Canadian $ on New York 0.9890-9894. Milan on New York 617.50. Milan on London 1497.00. (U) Unavailable.

EURO-CURRENCY INTEREST RATES

—AS AUGUST 13

Aug. 13	Sterling	U.S. dollar	Canadian dollar	Dutch guilder	W. German mark	Swiss franc
‡Short-term	—	—	—	—	0-4½	0-¾
7-days' notice	—	—	—	—	0-4½	0-¾
Month	7¼-7¾	8½-9	6¼-6½	4¼-4¾	5⅛-5⅝	¼-¾
Three-months	8-8½	8⅛-8⅝	6¾-7	4½-5	5¾-6¼	2¾-3⅛
Six-months	8¼-8½	8-8½	7-7¼	5½-6	6½-7⅛	4½-5
One-year	8¼-8¾	8-8¼	7¼-7½	6-6½	6¾-7½	4⅞-5⅜

Longer-term rates for U.S. dollars as follows: two-years 8¼-8¾ per cent., three-years 8¼-8¾ per cent., four-years 8¼-8¾ per cent., and five-years 8¼-8¾ per cent.

The following rates were quoted for London dollar certificates of deposit: one-month 8¼-8¾ per cent., three-months 8¾-8¾ per cent., six-months 8½-8¾ per cent., one-year 8¾-8¾ per cent., two-years 8½-8¾ per cent., three-years 8½-8¾ per cent., four-years 8¾-8¾ per cent., and five-years 8¾-8¾ per cent.

‡ Short-term rates are call for Sterling, U.S. dollars and Canadian dollars, and two-days' notice for Guilders, Marks and Swiss francs.

FOREIGN EXCHANGES

—AS AUGUST 13

Aug. 13 1971	Bank Rate %	Market Rates: Day's Spread	Market Rates: Close
New York	5	2.41⅝-42	2.41⅞-42
Montreal	6¼	2.44¼-45	2.44[illegible]
Amst'dam	5½	8.28-39	8.36[illegible]
Brussels	6	119.90-120.15	120.00-10
Copenh'gn	7½	18.11-15½	18.11¾-12
Frankfurt	6	8.14-22	8.19¼-20¼
Lisbon	5¾	68.50-69.05	68.[illegible]
Madrid	6½	167.95-168.25	168.05-15
Milan	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]
Stockh'm	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

N.B. Bank of England official limits for U.S. $2.38-42. A Bank of England official rate. ‡† Basic discount rate.

OTHER MARKET RATES

Australia	[illegible]
N. Zealand	[illegible]
S. Africa	[illegible]
†India	[illegible]
†ΦPakistan	[illegible]
Ceylon	[illegible]
*Hong Kong	[illegible]
Luxembourg	[illegible]
Belgium	[illegible]
Italy	[illegible]
Holland	[illegible]

§ Note rates quoted by specialist dealers. Other rates may be quoted elsewhere. † £'s per 100 Rps. Φ Tourists receive 45 per cent. bonus on foreign currency surrendered to banks in Pakistan. Φ Rates for all denominations. * Rates vary in the pound.

FORWARD RATES

	One month	Three months
New York	[illegible]	[illegible]
Montreal	[illegible]	[illegible]
Amst'dam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenh'gn	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockh'm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

OVERSEAS SHARE INFORMATION

Investment $ Premium 23⅛% (22¾%)

NEW YORK

RAILROADS

INDUSTRIALS, ETC.

Stock	Aug. 16	Aug. 13
Crane	44½	41¾
Crocker	24⅝	23¼
Crowell Collier	11¼	11
[illegible]	[illegible]	[illegible]

PUBLIC UTILITIES

TRUSTS, BANKS & BONDS

TORONTO

MONTREAL

GERMANY

Aug. 16	Price Dm	+ or —	Div. %	Yld. %
8% Fed. Loan (1977)	90¾		6	6.7
A.E.G. Dm.(50)	167.5	-5.7	16	4.8
Allianz V'rs Dm50.	385	-4	12	1.6
Audi NSU (Dm50)	145	-4	—	—
B.M.W. (Dm 50)	174	-11.5	12	3.4
Bad Anilin (Dm50)	133	-6	22	8.3
Bayer (Dm.50)	137.7		16	5.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

OSLO

VIENNA

PARIS

Aug. 13	Prices Frs.	+ or —	Div. Frs.	Yld. %
Rentes 3½pc 1952	175.4	+0.2	3.5	2.0
Air Liquide	419.5	+4.5	10.23	2.4
Aquitaine	673	+13	13.64	2.0
Bancque Ind. Chine	313.1	+2.1	9.09	2.9
Beghin	163.5	+0.4	7.39	4.5
Bousseis Souchon	1,256	-4	21.59	1.7
Charter Cons	65.3	-0.2	2.32	3.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS

SWITZERLAND

MILAN

Aug. 6	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	10,970	-10	—	—
ANIC	842		50	5.9
Bastogi	2,089	+14	85	4.0
Breda	4,570	-45	165	3.6
Burgo	9,010	+10	315	3.5
Cantoni	11,049	+89	320	2.9
CIGA	5,292	-3	100	1.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO

Source Nikko Securities, Tokyo.

STOCKHOLM

COPENHAGEN

AUSTRALIA

JOHANNESBURG

MINES

Stock	Price	+ or —
[illegible]	[illegible]	[illegible]
President Brand	13.50	[illegible]
President Steyn	14.40	[illegible]
Stilfontein	10.65	[illegible]
Welkom	1.68	[illegible]
West Driefontein	16.50	[illegible]
Western Holdings	15.20	[illegible]
Western Deep	17.60	[illegible]

NOTES: ... ex dividend. ... ex scrip issue. ... ex rights. ... ex all. ... Asked. † Bid. ... Unofficial trading. ... Share split.

DISPUTE MAY HIT SUB. REFIT

Unions at five Naval dockyards have issued an ultimatum to the Admiralty that unless agreement is reached within the next few days concerning the pay of men working outside the nuclear dock round-the-clock, three-shift working on the refitting and refuelling of Britain's second Polaris submarine, Repulse, will stop as from Sunday.

DIRECT MAIL SEMINAR

A four-day residential seminar on the use of computers in direct mail advertising, sponsored by the British Direct Mail Advertising Association, is to be held at Eastbourne from October 3 to 6.

هكذا من الأجل

STOCK EXCHANGE REPORT

Equity leaders unsettled by U.S. economy measures

Index ends above worst at 409.3, down 3.3 after 406.8

ACCOUNT DEALING DATES

Option First Dealings	Declarations	Last Dealings	Account Day
July 26	Aug. 5	Aug. 6	Aug. 17
Aug. 9	Aug. 19	Aug. 20	Sept. 1
Aug. 23	Sept 2	Sept 3	Sept 14

"New time" dealings may take place from 9.30 a.m. three business days earlier.

London equities, having come within a fraction of making a new peak for the year last Friday, were shaken out of their stride yesterday by President Nixon's proposals to help the U.S. economy and in particular by the decision to impose a temporary 10 per cent. import duty. The reaction by jobbers was to mark prices of the leaders down quite sharply, but in the absence of any real selling prices picked up a little. However, the general uncertainty kept buyers off, and fairly quiet trading conditions persisted throughout much of the day. Later in the afternoon, following favourable early advices from Wall Street, a few "cheap" buyers were tempted. This resulted in a fairly good rally in the leaders and the Financial Times Industrial Ordinary share index closed only 3.3 down at 409.3, having been as low as 406.8 at 2.45 p.m.

Features were few, but week-end Press comment brought some good rises to second-line issues. Interest in bid situations continued to revolve mainly around Truman Hanbury and Bovril. Bargains marked at 12,469 were the highest for over two weeks and compared with 11,590 last Friday and 11,827 a week ago. Falls led rises in all FT-quoted Industrials in the ratio of seven-to-four, a reversal of last Friday's trend when rises had a seven-to-four command. Gold shares made much headway in early dealings, but closed below the best.

Gilt-edged firm

After early precautionary markings down, Gilt-edged picked up on very little business in prospects and stayed very firm at around Friday's closing levels until Wall Street advices sent quotations further ahead on a fairly broad front in the afternoon. Closing prices were the day's best and showed gains of ⅛ to ¼ in the mediums with the longs usually the latter fraction better, where changed. Short-dated issues ended barely altered and undated stocks were unchanged. Corporation and Commonwealth loans following the main funds and usually closed a shade better.

Dealings began yesterday in International Bank for Reconstruction and Development 8 per cent., 1976; the £100 stock opened at par in nil paid form and closed at ¼ premium after a reasonable turnover.

Most dealers were reluctant to trade in investment dollars, but one was trading throughout the day and quoted a closing premium of 23¾ per cent., a gain of 1¼ points on Friday's level.

Among Recent Issues, NSS Newsagents were firm again, rising 2p to 81p, while Berwick Timpo put on 4p to a "high" of 171p.

Home Banks down

Home Banks sustained falls ranging between 8p and 11p, Barclays being the latter amount down at 597p. In mixed Merchant Banks, Hambros, stimulated by Press comment, were outstandingly better at 320p, up 18p. Mercury Securities, however, closed 5p off at 193p. Slater Walker eased to 280p but were finally only 1p off at 288p. Conditions became very quiet in Insurances. Composites closed on an easier note with Commercial Union down 8p at 452p. General Accident, however, ended 2p up at 191p, after changing hands down to 185p and Royals recovered an early 5p fall to close unaltered at 392p. Excess added 8p at 252p and Orion were also firm at 620p, up 10p. Lifes were steady to a shade harder.

Watney features Breweries with a recovery from a day's "low" of 122p to a close of 125p, still down 2½p on balance, after the Take-over Panel's statement that it was satisfied about recent buying of Watney shares. IDV came back 4p to 72p, while Truman Hanbury eased 1p to 452p and Grand Metropolitan shed 2p to 187p. News that the Truman Board has rejected the Watney offer and reinstated its recommendation of the Grand Met. bid came well after market hours. Distillers closed a shade above the day's lowest but still 6p down at 151p on the U.S. import surcharge.

Building issues ended with mixed movements. Taylor Woodrow slipped 4p to 301p, while Marley, 107½p, and Redland, 104½p, shed around 2p apiece. G. H. Downing, reflecting the chairman's cautious remarks, eased 3p to 157p, but Ibstock Johnsen, influenced by Press comment, put on 3p to 123p ahead of Wednesday's interim results. Following trading news, H. Foster improved 3p to 64½p, while Northern Developments were 5p higher at 248p.

Initially lower at 320p, ICI rallied to close at 324p, down 2p. Anchor Chemical gave up 4p at 73p ahead of Wednesday's interim figures. Willows Francis, however, were firm at 62½p, up 5p.

Ward & Goldstone up

There was only small activity in leading Electricals. GEC, 152p, and Reyrolle Parsons, 137p, both eased 2p, but Plessey, after receding 123p, were supported up to 129p, a rise of 2p on the day. Ward and Goldstone provided a bright market with an advance of 9p to 131p on satisfaction with the good increase in dividend and profits. Other notable firm spots were Amplivox, 5p better at 300p, and Colvern, 90p, and M.K. Electric, 129p, both with rises of 4p. BSR, on the other hand, dipped to 333p, before ending at 344p, for a net fall of 19p, reflecting concern over the possible adverse effect of the U.S. 10 per cent. import surcharge. Thorn ended 4p down at 402p, after 398p, while Lee Refrigeration gave up 3p at 81p.

Stores went easier initially but recovered to close above the worst. "Gussies" "A" ended 5p down at 404p, after 401p, while House of Fraser, 188p, and United Drapery Stores, 136½p, had falls of 4p and 1½p respectively. Woolworth were dull at 75½p, down 1½p, after an unfavourable broker's circular. In contrast, Wades "A" were active and put on 4p to 64p, while rises of 3p were seen in Henderson-Kenton, 85p, and John Peters (Furn.), 129p; the latter's results are due on Thursday. Also notably firm were Austin Reed "A," 10p up at 360p. Following Press comment, J. Collett were 1p harder at 64½p, while Cornell Dresses responded to the interim figures with a similar gain at 16p.

In Mail Orders, however, Grattan Warehouses dipped 6p to 268p.

In Shoes, J. White improved 3p to 40p. Norvic held steady at 65½p; the offer terms from Drakes for the latter came well after market-hours.

Engineerings were generally quiet and closed mixed. Tube Investments edged up late to 444p, a gain of 2p, but Guest Keen were unchanged at 392p. On the increased dividend and profits, Hattersley Stelrad moved up to 185p before ending only 5p better at 175p. BSA responded to the possible new offer by rising 3½p to 23½p, after 26p, while Brockhouse, 212p, and Greenwood and Batley, 46½p, gained around 7p apiece. Ransomes Sims were 8p higher at 136p following Press comment, but profit-taking left its mark on Linread, 63p, George Cohen, 94½p, and London and Midland Industrials 95p, all 4p off.

Rank Org. rise

The surprise tax reform proposals by President Nixon to aid the ailing U.S. economy found reflection in Rank Organisation issues which went ahead sharply before ending slightly below the best; the Ordinary ended 40p up at 820p, after 825p, while the "A" shares closed 34p higher at 892p, after 905p. Other firm spots included Highgate Optical, 33p, Melbray Group, 25p, Cussons, 51p, Leeds Assets, 123p, James North, 44p, and Friedland Doggart, 64p, all about 4p up in response to Press comment. Cawoods gained 6p to 141p on the increased dividend and higher profits, but Patent Industrial declined 3p to 16p on disappointment with the first half-year results. Dull spots included International Computers, 6p off at 110p, and Sears "A," 10p lower at 128p, while De La Rue reacted 8p to 217p. Glaxo was typical of many of the leading shares and, after having been marked down to 386p at the outset, picked up a little to close 5½p off on balance at 387½p.

In leading Foods falls of 3p were seen in Ranks Hovis, 125p, and Tate and Lyle, 155½p. Elsewhere, S. and W. Berisford, 117p, Clover Dairies, 136p, and Unigate, 129½p, all closed around 3p higher, while FMC, 68p, and International Stores, 72p, put on 1½p apiece. Bovril, following Press comment and despite a denial from Beecham of any intention to bid, closed unchanged at 473p. Cavenham held steady at 99p, but Rowntree Mackintosh were 2p lower at 503p. In Supermarkets, Kwik Save were prominent at 208p, up 12p, in response to Press comment.

J. Lyons "A" advanced 7p to 503p, but Curzon House, 185p, and Centre Hotels, 212p, came back 5p and 7p respectively.

Week-end comment activated a small buying interest for Garage and Distributor shares. Lex rose 11p to 235p, while gains of about 5p were seen in ARV Holdings, 40p, CGSB, 35p, and Camden Group, 36p. The intention to pay off one year's arrears of interest helped Manchester Garages 5 per cent. Preference rise 1p to 39p; the Ordinary gained 4p to 16p. Motor Components, however, were dull with Brown Bros. and Albany a principal casualty at 153p, down 7p. In Commercial Vehicles, Peak Trailers came back 5p to 41p after the preliminary figures, issued late. Profit-taking lowered Hawker Siddeley 6p to 221p.

Properties mixed

Although still showing a number of good features, Properties were basically irregular. Leading issues such as Land Securities, up 3p more at 194½p, after 196p, and Metropolitan Estate, 4p higher at 186p, remained in demand, but Trafalgar House, at 118p, lost 5p of Friday's rise of 9p. Following a 3½p fall to 127½p in Town and City, Sovereign Securities came back 5p to 94p. Press comment helped Star gain 4p further to 217½p, while Law Land, 400p, and U.K. Property, 200p, spurted 20p and 25p respectively. Land Investors gained 10p to 125p and Charlwood Alliance 4p to 76p.

Bowater recovered late to close 1p harder on balance at 155p, but comment on the preliminary figures unsettled Letraset which gave up 4p at 34p. Elsewhere, Waddington "B" advanced 8p to 226p, but David S. Smith fell 4p to 42p.

Oils recover well

After the initial setback, leading Oils quickly regained their poise and often closed higher on the day. Shell led the recovery, rising from 397p to end 5p up on balance at 409p. Burmah managed a net gain of 4p at 452p, after 438p, but British Petroleum finished 3p off at 615p, having been down to 606p at one stage. Ultramar followed the pattern with a final 2p fall at 282p, after 273p.

Trusts presented an easier appearance, but Equity Income Trust improved 5p to 163p and Channel Islands Capital 10p to 295p. Rothschild Investment relinquished 15p to 470p following the full report. Among Financials, favourable Press comment prompted a rise of 4p to 192p in Abercom Investments and a gain of 2½p to 56½p in El Oro. J. H. Vavasseur were also firm, closing 6p better at 178p. In contrast, Ralli declined 4p to 121½p.

Textiles moved narrowly. Courtaulds closed only 1p off at 127p, but losses were well in the majority. Joseph Dawson shed 3p at 39p with the "A" 2p off at 38p, while Fairfax Jersey gave up 4p at 71p. Bond Worth were an isolated firm spot at 35p, up 2½p.

In Tobaccos, "Bats" fell 12p to 341p and "Imps" ended 3p down at 90p.

Rubbers continued to attract a reasonable interest, but prices were generally easier, London Asiatic, 42p, and Pataling, 40½p, both losing about 2p.

Golds keep calm

The reaction of Gold shares to the U.S. dollar crisis was limited to a short-lived burst of strength. Thereafter both interest and prices waned—partly in the absence of any guidance from the bullion market which was closed—but there was still a string of useful gains at the close.

They ranged to 20p in WRIT (870p) which had enjoyed favourable Press comment. Similarly, Australia's Gold Mines of Kalgoorlie rose 5p to 25p. In the Finance group, Charter gained 5p to 253p while in Diamonds De Beers eased slightly to 209p.

Australians remained subdued by the downgrading of the Queensland Mines' Narbarlek uranium deposit. Although Peko-Wallsend reiterated its original assessment of the Ranger 1 find, the company also announced a setback in profits and the shares dropped 10p to 380p.

Previous nervousness in Australia in front of the Meekatharra progress report was reflected here by a fall in the shares of 8p to 65p. Otherwise, Whim Creek retreated 15p to 215p and New Broken Hill came back 15p to a new low for the year of 445p. EZ Industries, however, hardened to 140p.

Elsewhere, Amax were raised ¼ to £15¼ in line with the buoyant U.S. market. The not unexpected slump in profits left Northgate 5p off at 420p. Messina, which officially opened its Shackleton copper mine in Rhodesia, rose 8p to 268p.

FINANCIAL TIMES STOCK INDICES

—	August 16	August 13	August 12	August 11	August 10	August 9	A Year ago
Government Sec.	75.18	75.15	74.68	74.37	74.11	74.30	70.02
Fixed Interest	74.56	74.51	74.26	74.10	73.99	74.11	72.07
Industrial Ordinary*	409.3	412.6	408.6	402.9	393.5	395.8	351.9
Gold Mines	58.6	58.1	58.1	57.7	58.6	58.3	49.3
Ord. Div. Yield pc	3.73	3.71	3.72	3.76	3.84	3.82	5.03
Earnings Yield pc (a)	5.83	5.80	5.80	5.87	6.00	5.97	6.87
P.E Ratio (a)	17.14	17.26	17.23	17.04	16.68	16.76	14.56
Dealings Marked	12,469	11,590	11,775	9,947	11,664	11,827	7,615

*10.30 a.m 407.2 Noon 407.1 2.45 p.m 406.8

(a) Based on 40% corporation tax from March 31, 1971. Latest [illegible]

HIGHS AND LOWS

—	1971 High	1971 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	75.74 (16/7/71)	68.83 (4/1/71)	127.4 (9/1/35)	64.21 (11/6/69)
Fixed Int.	74.77 (16/7/71)	69.63 (4/1/71)	150.0 (28/11/47)	67.12 (11/6/69)
Ind. Ord.	415.2 (21/7/71)	305.3 (5/3/71)	521.9 (19/9/55)	49.4 (26/6/40)
Gold Mines	61.5 [illegible]	52.5 [illegible]	100.0 [illegible]	44.0 [illegible]

S.E. ACTIVITY

—	August 16	August 13
Daily—		
Gilt-Edged	159.6	146.9
Industrials	461.1	415.3
Speculative	190.1	171.7
Totals	283.8	263.8
5-day ave—		
Gilt-Edged	158.5	160.7
Industrials	417.1	410.3
Speculative	165.6	166.4
Totals	261.5	258.6

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

AUTHORISED UNIT TRUSTS (p★★★)

OFFSHORE AND OVERSEAS FUNDS (p★★★)

INSURANCE, PROPERTY, BONDS

STOCK EXCHANGE DEALINGS from the Official List for August 16

Monday, August 16	12,469	Thursday, August 12	11,775	Tuesday, August 10	11,664
Friday, August 13	11,390	Wednesday, August 11	9,947	Monday, August 9	11,827

The list below gives the prices at which bargains done yesterday by members of the London Stock Exchange were recorded in the Stock Exchange Daily Official List. Members are not obliged to mark bargains except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business was done.

Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in new pence and fractions of new pence.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ◆ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—Bahamian; $C—Canadian; $HK—Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS, ETC. (741)

INTERNTL. BANK STOCK (4)

CORPN. & COUNTY—U.K. (29)

FREE OF STAMP DUTY

PUB. BOARDS, ETC.—U.K. (17)

FREE OF STAMP DUTY

SUBJECT TO STAMP DUTY

COMMONWEALTH GOVT. AND PROVINCIAL SECURITIES (46)

REGISTERED AND INSCRIBED STOCKS

FOREIGN STKS., BDS., ETC. (9)

COUPONS PAYABLE IN LONDON

CORPN. STKS.—FOREIGN (1)

U.K. AND COMMONWEALTH RAILWAYS (16)

FOREIGN RAILWAYS (3)

BANKS & DISCOUNT COS. (441)

Cater Ryder 305
Cedar Hldgs. (20p) 54◆ 4
Clive Hldgs. 607◆ 96
Commercial Sydney ($A1) 109
First Finsbury (10p) 26
Gerrard National Discount 906◆ 3‡
Guinness Mahon Hldgs. (25p) 107◆ 5
Hambros Shs. 25p 315◆ 18 15 19 14. 7pcLn. (carrying rts.) 118. 7pcLn. 77¼
Hill Samuel Gp. (25p) 128 5‡ 9. Wts. to sub. £210 20½. 8pcLn. 86◆
Hongkong Shanghai (Lon. Reg.) ($HK25) £14½◆ (Col. Reg.) ($HK25) £16½◆
Jessel Toynbee 395◆ 6◆ 5
Keyser Ullmann Hldgs. 400
King Shaxson 301½◆
Kleinwort Benson Lonsdale (25p) 130◆ 5◆ 3◆ 30
Lloyds 605◆ 5‡◆ 8 6 4 1‡ 2 2‡ 600 10 600‡
London County Secs. (25p) 222◆ 4◆ 5 4
Mercury Secs. (25p) 196◆ 3 6 4 1 5
Midland 520 2 7 4 6 18 23 5‡ 8‡
Minster Assets (25p) 60 59 8½ 9½ 8
Montagu Tst. (25p) 200 195
National Comcl. Gp. (25p) 141◆ 8 5 6 7
National Grindlays Hldgs. 387◆ 75
National Australasia (Lon. Reg.) ($A1) 143 40 1

BREWERIES & DISTILS. (477)

CANALS & DOCKS (5)

COMMCL., INDUSTRIAL (7,278)

A—B

Bristol Street Gp. (20p) 130 1
Britax-Excelsior (10p) 37 6
British Aluminium 165◆
British-Amer. Tobacco (Reg.) (25p) 354◆ 47 2‡ 5 8 4 6 1 2 39 43 4‡ 52 45½ 40 39½. (Br.) (25p) 353◆ 45. 6pc2nd Pf. 63½. 7pcLn. 76½
British Amer. Tob. Invs. 10pcLn. 104 40 39½. (Br.) (25p) 353◆ 4 5. 6pc2nd 57
British American Film Press (5p) 131½
British Canadian Invs. (25p) 148
British Amzani Eng. (5p) 40½
British Benzol Carbonising (10p) 100½◆ 100
British Car Auction Gp. (10p) 58¼ 9 60
British Cinematograph Theatres (12½p) 60

C—D

Drakes (20p) 192◆ 88 9 90 1 2
Dreamland Electrical Appliances (10p) 33
Dubilier (5p) 12½ 12
Ductile Steels (25p) 168
Dufay Bitumastic (10p) 15
Dunbee-Combex-Marx (10p) 70
Dunhill (A.) (10p) 122
Dunlop Hldgs. (50p) 143◆ 3 2 40 1 39½ 9. 5½pcPf. 60. 6¾pc2ndDb. 75½◆ ¼. 7pc2ndDb. 73¾. 7½pc2nd Db. 82½. 8pcLn. 82◆
Dunlop Textiles 6½pcPf. 62
Durster (J. J.) (10p) 21
Duport (25p) 60½
Dutton-Forshaw Gp. (25p) 80◆ 1½◆ 3 80

E—F

G—H

I—J—K

Ibstock Johnsen (25p) 121◆ 3 5 20 4 15 22
Illingworth Morris (20p) 25½ 6 5¼. A (Non-Vot.) (20p) 22½ 3½
Imperial Chemical Indust. 325◆ 4½◆ 8½◆ 4◆ 20 2 1 3 20‡ 19‡ 21½‡ 1½ 18‡ 19 23½ 19½ 21½ 2½ 20½ 4. 4¼pcLn. 90½◆ 1¼ 5½ pcLn. 57½ 6½ 7½ ¼ 8. 7¼pcLn. 78 7¼ 7‡ 8½ ¼. 5½pcLn. 76½. 6¼pcLn. 89 ¼ 8¾. 8pcLn. 85◆ 4¼◆ 4 3‡ 5 4¼ ¼. 10¼pcLn. 105½
Imperial Metal Indust. (25p) 71½ 2 1. 7¼pcLn. 77½ ¼. 8pcLn. 83¼◆ ½◆

L—M

N—O—P

Norfolk Capital Hotels (5p) 33◆ 3 ½
Norgren Shipstone Intl. (20p) 128‡
Normand Elec. Hldgs. (20p) 61 60½
North Eastern Timber (20p) 43½◆ 1
North (J.) (20p) 43 ½ 5 ½ 40½ 4 ½
Northern Dairies (25p) 111 9‡
Northern Devts. (Hldgs.) (10p) 244◆ 5 50
Norvic Shoe (25p) 64◆ 5◆ 6½ 4½ 4 5½ 5
Norwest Holst (25p) 124. 7¼pcDb. 67½◆ 8¼. 6pcUnsecd.Ln. 68½◆ 9
Nottingham Mfg. (25p) 331◆ 3◆
Nurdin Peacock (10p) 179◆ 80 77 81 79
Nu-Swift Inds. (5p) 78½ 7½

Q—R—S

T—U—V

W—Y—Z

ELEC. LIGHTING & POWER (2)

FINANCIAL TRUSTS, ETC. (261)

GAS (21)

INSURANCE (311)

INVESTMENTS TRUSTS (...)

UNIT TRUSTS (2)

IRON, COAL & STEEL (81)

MINES

Australian (43)

Miscellaneous (194)

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F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS GROUPS & SUB-SECTIONS Figures in parentheses after sectional names show number of stocks.	Monday, August 16, 1971: Index No.	Day's Change %	With 40% Corporation Tax: Est. E'rn'ngs yield %	Est. Price E'rn'ngs Ratio	Div. yield %	Friday August 13: Index No.	Thurs. August 12: Index No.	Wed. August 11: Index No.	Tues. August 10: Index No.	Year ago (approx): Index No.	Highs and Lows Index 1971: High	1971: Low	Since compilation: High	Since compilation: Low
CAPITAL GOODS GROUP (184)	155.09	—0.6	6.07	16.47	3.85	156.02	154.89	152.97	151.60	116.71	158.62 (22/7)	104.05 (2/3)	181.50 (19/9/68)	82.82 (25/6/62)
Aircraft and Components (3)	115.88	—2.1	7.19	13.91	5.48	116.32	115.71	111.54	107.88	92.30	116.32 (13/8)	66.40 (3/3)	280.12 (23/9/68)	66.40 (3/5/71)
Building Materials (29)	155.41	—0.8	6.03	19.90	3.43	156.69	154.47	152.10	150.81	99.77	157.94 (28/7)	98.30 (2/3)	167.98 (30/9/68)	65.01 (25/6/62)
Contracting and Construction (19)	234.70	—0.7	5.83	17.17	2.56	236.35	235.50	231.52	231.34	192.61	236.35 (13/8)	152.63 (26/3)	236.35 (13/8/71)	84.39 (27/6/62)
Electrls. (ex. Electrn. Rad. & TV) (13)	274.70	+0.2	5.09	19.65	2.99	274.11	270.66	268.95	263.16	191.78	283.44 (27/7)	174.23 (2/3)	335.11 (17/9/68)	84.71 (25/6/62)
Engineering (80)	144.39	—0.6	6.64	15.06	4.31	145.33	145.70	144.58	143.44	112.76	149.28 (28/7)	102.56 (2/3)	160.85 (18/9/66)	82.90 (26/6/62)
Machine Tools (15)	66.92	—2.0	7.21	13.36	6.07	68.30	67.49	67.06	66.70	65.15	68.30 (13/8)	43.86 (6/3)	136.70 (4/7/66)	43.86 (5/3/71)
Miscellaneous (25)	129.32	—0.4	7.92	12.53	4.46	129.88	128.54	127.87	126.41	115.16	134.65 (28/7)	94.19 (2/3)	144.27 (31/1/69)	69.01 (8/11/65)
CONSUMER GOODS (DURABLE) GROUP (56)	170.49	—0.8	5.16	19.32	3.06	171.83	170.31	168.40	165.93	127.14	173.85 (27/7)	117.33 (2/3)	197.87 (16/1/69)	79.96 (25/6/63)
Electronics, Radio and TV (14)	180.13	—0.5	5.62	17.79	2.43	181.04	180.35	176.19	175.90	141.77	180.45 (28/7)	128.51 (2/3)	199.86 (19/9/63)	71.10 (6/11/66)
Household Goods (15)	186.71	—0.3	6.20	16.12	3.55	187.23	185.78	182.73	180.83	123.08	189.00 (28/7)	116.92 (8/3)	189.00 (28/7/71)	86.65 (26/6/62)
Motors and Distributors (27)	116.90	—1.3	4.34	23.03	3.66	118.39	116.59	115.56	113.48	84.20	120.83 (27/7)	78.91 (2/2)	170.59 (15/1/68)	75.92 (24/10/62)
CONSUMER GOODS (NON-DURABLE) GROUP (175)	161.25	—1.1	5.57	17.95	3.78	163.04	160.66	159.06	156.80	114.78	164.68 (16/7)	118.17 (3/4)	164.68 (16/7/71)	83.71 (8/11/66)
Breweries (21)	185.03	—1.8	5.40	18.53	3.43	188.52	181.00	180.06	178.18	117.28	194.97 (15/7)	123.30 (4/1)	194.97 (15/7/71)	80.39 (30/5/66)
Wines and Spirits (7)	169.04	—4.1	6.17	16.21	4.14	176.22	170.12	169.50	166.26	139.88	196.05 (14/7)	143.41 (4/1)	196.05 (14/7/71)	118.78 (16/6/70)
Entertainment and Catering (15)	203.49	—0.6	7.03	14.22	3.81	204.73	200.98	198.22	196.81	165.31	214.39 (16/7)	177.99 (2/3)	231.89 (21/1/69)	80.11 (23/7/62)
Food Manufacturing (24)	144.01	+0.1	5.59	17.88	3.77	143.83	143.51	143.19	139.73	102.65	144.01 (16/8)	99.74 (2/3)	171.54 (31/1/69)	95.98 (15/6/70)
Food Retailing (17)	142.50	—0.1	5.30	18.87	3.54	142.61	140.96	137.28	136.00	97.91	142.61 (13/8)	100.23 (2/3)	163.68 (7/8/68)	94.62 (27/5/70)
Newspapers and Publishing (15)	141.27	—0.1	6.08	16.45	5.04	141.42	140.74	139.29	137.44	106.11	142.39 (28/7)	101.66 (13/1)	184.86 (28/1/69)	81.74 (23/7/62)
Packaging and Paper (16)	115.75	—0.8	6.68	14.97	4.48	115.66	115.46	114.48	113.36	101.49	120.10 (27/7)	88.81 (2/3)	134.63 (2/1/69)	87.91 (25/6/62)
Stores (30)	152.94	—0.8	4.45	22.49	3.04	154.21	152.93	150.77	148.97	99.39	160.64 (27/7)	104.48 (2/3)	160.64 (27/7/71)	72.74 (8/11/66)
Textiles (21)	171.88	—1.0	5.76	17.37	5.25	173.68	172.18	170.76	168.91	130.20	177.77 (28/7)	137.81 (2/3)	253.72 (17/8/68)	89.90 (20/7/62)
Tobacco (3)	236.04	—2.5	9.02	11.08	5.63	242.09	241.85	238.77	233.32	196.83	254.47 (27/7)	170.92 (20/1)	305.02 (30/1/69)	94.34 (13/6/62)
Toys and Games (6)	50.34	+1.7	—	—	5.07	49.49	49.10	48.87	48.05	53.64	69.03 (12/1)	45.48 (4/6)	135.72 (16/1/70)	45.48 (4/8/71)
OTHER GROUPS														
Chemicals (19)	189.56	—1.1	5.31	18.83	3.47	191.70	191.09	188.29	184.01	134.57	193.39 (28/7)	138.18 (10/2)	201.92 (31/1/69)	83.29 (25/6/62)
Office Equipment (10)	204.08	+3.8	3.43	29.19	1.47	196.70	196.29	188.77	189.24	127.50	212.05 (16/7)	153.52 (15/8)	212.05 (16/7/71)	109.12 (26/5/70)
Shipping (10)	318.57	—0.5	7.39	13.53	5.18	320.32	318.44	316.64	314.76	311.28	325.75 (1/4)	269.76 (16/4)	356.44 (9/10/70)	90.80 (29/6/62)
Miscellaneous (unclassified) (44)	180.77	—1.8	5.94	16.84	3.91	184.02	182.90	181.81	179.47	127.81	190.33 (27/7)	128.55 (2/3)	190.33 (27/7/71)	76.52 (8/11/66)
INDUSTRIAL GROUP (498 SHARES)	167.55	—0.8	5.58	17.91	3.62	168.92	167.25	165.26	163.06	—	170.96 (27/7)	120.61 (2/3)	170.96 (27/7/71)	120.61 (2/3/71)
Oil (2)	354.49	—0.6	5.71	17.51	3.53	356.48	356.48	351.51	348.55	256.16	363.50 (27/7)	260.74 (2/3)	431.66 (29/5/69)	87.23 (29/5/62)
500 SHARE INDEX	183.39	—0.8	5.60	17.84	3.61	184.82	183.28	181.02	178.77	132.69	187.27 (27/7)	132.46 (2/3)	193.73 (31/1/69)	84.86 (26/6/62)
FINANCIAL GROUP (121)	172.49	—0.5	—	—	2.76	173.36	172.19	168.93	167.22	109.24	173.44 (28/7)	119.73 (10/2)	173.44 (28/7/71)	69.38 (30/8/66)
Banks (6)	183.83	—1.4	7.51	13.32	2.75	186.51	185.34	182.16	179.63	101.64	189.94 (27/7)	101.65 (6/1)	189.94 (27/7/71)	69.25 (16/6/64)
Discount Houses (6)	174.07	—	—	—	4.43	174.07	174.07	173.68	172.12	117.93	176.87 (27/7)	130.72 (6/1)	176.87 (27/7/71)	87.65 (18/6/69)
Hire Purchase (6)	259.02	—0.4	4.83	20.69	2.96	260.17	257.12	250.90	247.36	159.85	266.59 (19/7)	188.67 (18/1)	266.59 (19/7/71)	60.02 (5/8/65)
Insurance (Life) (9)	153.97	+0.2	—	—	2.81	153.71	150.94	143.05	139.96	115.33	155.17 (16/7)	123.16 (18/1)	159.83 (16/1/69)	61.35 (30/8/66)
Insurance (Composite) (9)	131.85	—0.6	—	—	3.24	132.62	133.91	131.51	130.78	79.59	134.50 (28/7)	89.80 (10/2)	134.50 (28/7/71)	54.40 (16/3/65)
Insurance (Brokers) (10)	172.86	—0.7	5.07	19.72	2.51	174.00	172.72	171.67	172.02	101.42	179.08 (22/7)	118.27 (4/1)	179.08 (22/7/71)	82.59 (24/7/69)
Investment Trusts (20)	195.61	—0.9	2.91	34.40	2.71	197.31	194.48	191.10	189.82	141.27	198.14 (16/7)	152.16 (2/3)	215.04 (31/1/69)	80.84 (26/6/62)
Merchant Banks, Issuing Houses (15)	170.86	+0.1	—	—	2.24	170.71	169.42	167.26	167.32	114.36	173.43 (20/7)	108.44 (18/3)	181.25 (14/2/69)	80.47 (15/7/65)
Property (31)	221.16	+0.6	2.62	38.11	2.17	219.94	217.16	214.95	212.25	137.68	221.16 (16/8)	139.37 (8/3)	221.16 (16/8/71)	56.01 (20/4/65)
Miscellaneous (9)	171.41	—0.9	5.96	16.81	4.34	172.90	172.54	171.85	170.81	—	179.01 (26/7)	120.73 (4/1)	179.01 (26/7/71)	120.06 (31/12/70)
ALL-SHARE INDEX (621 SHARES)	180.58	—0.7	—	—	3.41	181.86	180.42	177.91	175.80	126.82	183.66 (27/7)	129.47 (2/3)	183.66 (27/7/71)	83.72 (25/6/62)
COMMODITY SHARE GROUPS (*Not included in the 500 or All-Share indices*)														
Rubbers (10)	223.81	—1.8	10.22	9.78	7.90	227.95	228.47	234.12	222.75	136.55	234.12 (11/8)	163.62 (7/4)	234.12 (11/8/71)	84.68 (25/8/65)
Teas (10)	89.74	—0.1	16.56	6.04	8.95	89.80	89.47	89.25	89.25	72.98	91.08 (15/7)	78.71 (3/3)	114.64 (14/6/64)	59.95 (14/11/66)
Coppers (4)	329.16	+0.6	53.93	1.86	15.01	327.32	328.10	328.68	325.61	271.97	350.50 (12/7)	235.80 (21/1)	350.50 (12/7/71)	94.08 (29/4/62)
Mining Finance (11)	102.91	—	5.50	18.17	3.32	102.94	102.56	102.15	101.92	117.02	106.79 (5/7)	96.00 (2/3)	175.90 (28/4/69)	96.00 (2/3/71)
Tins (8)	72.44	+0.4	10.96	9.13	8.66	72.15	71.37	70.21	70.12	59.27	74.77 (20/7)	62.11 (4/1)	108.97 (29/6/66)	54.83 (27/5/70)

FIXED INTEREST	Monday, August 16: Index No.	Yield %	Friday August 13	Thurs. August 12	Wed. August 11	Tuesday August 10	Mon. August 9	Friday August 6	Year ago (approx)	1971: High	1971: Low	Since Compilation: ‡High	Since Compilation: Low
Consols 2½% yield	—	9.19	9.18	9.26	9.35	9.43	9.43	9.42	9.32	—	—	—	—
20-yr. Govt. Stocks (6)	79.56	‡8.18	79.47	78.84	78.40	78.11	78.35	78.42	72.73	80.68 (18/7)	70.60 (4/1)	115.42 (11/9/65)	68.43 (16/6/70)
20-yr. Red. Debentures & Loans (15)	72.24	‡10.22	72.24	72.03	72.03	72.01	71.99	72.17	71.19	72.44 (19/7)	68.42 (4/1)	113.43 (23/10/65)	66.59 (16/6/70)
Investment Trusts Prefs. (15)	68.85	10.72	68.85	68.85	68.96	68.96	68.96	69.31	71.50	69.38 (14/6)	66.23 (11/1)	114.41 (13/9/63)	66.23 (11/1/71)
Commercial and Industl. Prefs. (20)	74.15	10.41	74.25	74.09	73.98	74.16	74.16	74.43	74.97	74.43 (6/8)	69.02 (13/1)	114.41 (7/10/65)	69.02 (13/1/71)

…tion or Group	Base Date	Base Value
… Manufacturing	29/12/67	114.13
… Retailing	29/12/67	114.13
…ance Brokers	29/12/67	96.67
…g Finance	29/12/67	100.00
…s and Spirits	16/1/70	144.76
… and Games	16/1/70	135.72
… Equipment	16/1/70	162.74
…strial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	120.06
All Other	10/4/62	100.00

‡ Redemption yield.

F.T.-Actuaries indices are calculated by Extel-Communications Limited (a member of the Exchange Telegraph Group) on an IBM 360 computer.

A current list of constituents of the F.T.-Actuaries Share Indices can be obtained from the Publisher, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post inland 16p. Commonwealth 16p. Foreign 19p.

Option Report and three-month "Call" rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 17	Aug. 31	Nov. 11	Nov. 23
Sept. 1	Sept. 13	Nov. 25	Dec. 7
Sept. 14	Sept. 27	*Dec. 9*	*Dec. 21*

Quieter conditions prevailed yesterday in the Option market. Stocks dealt in for the "call" were Adepton, Cons. Gold Fields, Barclay Securities, EMI, MY Dart, Blyvoor, Loraine, Cannon St. Investments, Spillers, First National Finance, De Beers, Plessey, Oil Search, General Electric, Winkelhaak and Watney Mann.

A "put" was taken out in Watney Mann, while double options were completed in Lonrho, Watney Mann, Blyvoor, Woolworth, and Butlin's.

Prices in pence unless otherwise indicated

Industrials						Mines	
A. P. Cement	18	"B.U.S. "A"	22	Reed Int'l	12	Anglo Amer.	25
Barclays Bank	35	Guardian	14	Slater Walker	20	Broken Hill Prop	62
Beecham	18	Guest Keen	20	Tesco	5	Charter Cons.	22
Boots Drug	11	Hawker Sidd.	20	Thorn 'A'	25	Charterhall Fin.	6
Bowaters	15	Hay's Wharf	20	Tube Invs.	25	Cons. Gold	20
B.A.T.	20	House of Fraser	17	Unilever	20	De Beers Def.	10
British Leyland	3	I.C.I.	15	Utd. Drapery	15	F. S. Geduld	52
British Oxygen	5	"Imps"	8	Vickers	7	Great Boulder	20
Burton "A"	15	I.C.L.	20	Woolworth	5	Hampton Areas	15
Butlin's	3	Int. Stores	7	Property		Hampton Props.	9
Cadbury's	7	Inveresk Paper	5	Cap. Counties	12	Kloof	20
Courtaulds	10	Jessel Secs.	25	Land Secs.	12	Lonrho	10
Cunard	13	Legal & General	22	Peachey	7	Loraine	5
Debenhams	14	Lloyds Bank	55	Star (Gt. Brit.)	20	Metals Explor.	26
Distillers	11	"Lofs"	7	Town & City	12	Newmetal	3
Dunlop	13	"Mams"	12	Town & Comm.	14	Poseidon	£2½
EMI	12	Marks & Spenc'r.	18			Pres. Steyn	20
Fisons	19	Metal Box	22	Oils		Rio-T.Zinc	15
G.R.A. Trust	12	Midland Bank	35	Brit. Petroleum	35	Welkom	12
Gen. Accident	12	Nat'l West Bank	35	Burmah Oil	33	West Areas	9
General Electric	9	P.&O. Defd.	15	Oil Search	4	Western M'ng.	20
Glaxo	25	Plessey	10	Shell	25	Zambia Copper	7
		Ralli Intl.	11	Ultramar	24		
		Rank Org. "A"	47				

REGIONAL MARKETS

Following the new U.S. economy measures, business became very quiet yesterday but after early cautionary markings down Industrials were lifted off the bottom.

At Belfast, Laganvale Estates *lost 4½p to 70½p while, on the Irish* Exchange, Bank of Ireland shed 2p to 363p, Arnott dipped 5p to 315p and Maguire and Paterson declined 2½p to 42½p. Clondalkin Paper recovered 1p to 54p.

On the Midlands and Western *SE, DRG eased 2p to 156p.* Cadbury-Schweppes lost 1½p to 85½p, while declines of 1p were recorded by Bowyers at 162p, John James, 31½p and Westlands, 36p. Bristol Evening Post were up 3½p at 93½p on the chairman's annual statement.

Watshams advanced 5p to 20p, Aberthaw Cement improved 2½p to 141p, while Delyn at 49p and John Williams at 48½p were each 1½p higher. But Overseas Financial dropped 10p to 415p. Coated Metals lost 5p to 297½p, while Beechwood at 144½p and Rivlin, 42p were each 3p lower.

Belgrave (Blackheath) were marked up 17½p to 70p on Press comment. D. F. Bevan at 19p and *Danks of Netherton 34½p* each shed 3p.

On the Northern Exchange, Northern Developments attracted speculative demand ahead of their meeting and moved 10p higher to 252½p. Associated Dairies were 1p off at 265½p, as were Northern Dairies at 111p and Vaux and Associated Breweries to 336p. Provident Clothing improved 2p to 236p but Grattan Warehouses were lowered 5½p to 267½p, and Empire Stores surrendered 3p to 315p.

Among Shippings, Ocean Steam were 1p down at 104p, as were Common Bros. at 108p. C. T. Bowring were 2p weaker at 456p. Reyrolle Parsons shed 1p to 139p, Spear and Jackson dropped 10p *to 150p and Neepsend Steel lost* 2p to 111p. Press comment, however, took Leeds Assets up by 4p to 122p, while Adams and Gibbon also gained 4p to 76p. Kenning Motors rose 2p to 100p, also on Press comment.

CGSB Holdings shed 3½p to 26½p but continued buying of Adams and Gibbon left them 4p higher at 76p. In Builders, Stanley Miller at 19½p and Greensit and Barratt, 70p, each lost 2p.

Shiloh Spinners were sought *around 13p, as were Era Ring* Mills around 18p. John Bright marked at 31p.

On the Scottish SE, Nairn Williamson gained 2½p to 104½p, Martin Black were 1½p higher at 40p and National Commercial Bank firmed 1p to 147p. African Lakes moved up 4p to 54p on takeover rumour. Distillers dropped 6p to 150p, House of Fraser eased 4p to 188p, while 3p falls showed in Highland Distilleries to 165p and John Brown to 155p.

Prices in pence and denominations of 25p unless otherwise stated

BELFAST

B'fast C3½% 197.	£96	......
B'fast Rope £1	75	......
Hughes (B) £1	150	......
Vulcanite	107	......

IRISH EXCHANGE

MIDLANDS & WESTERN

NORTHERN EXCHANGE

SCOTTISH EXCHANGE

NEW "HIGHS" AND "LOWS" FOR 1971

The following securities (number in parentheses) among those quoted in London Closing Prices yesterday attained new "highs" and "lows" for 1971:—

NEW "HIGHS" (124)

BRITISH FUNDS (4)
Exchequer 6¼pc '73 Treas. 3½pc '79-81
Treas. 3½pc '77-80 Treas. 8¾pc '97 "A"

PUBLIC BOARDS (2)
ICFC 9½pc 1975 ICFC "C" 1976

BANKS (5)
Bryanston Natl. Bk. Australia
Hambros Schroders
Hill Sam. Warrants

BEERS (1)
Baird (Hugh)

BUILDINGS (9)
Beechwood Constrctn. Nthrn. Dev.
Douglas (R. M.) Parkinson (Sir L.)
Foster (H.) Southerns Evans
Ibstock Johnsen Westbrick Prods.
Mallinson (Wm.)

CHEMICALS (2)
Willows Francis Yorks. Chems.

DRAPERY AND STORES (3)
Aquascutum Foster Bros.
Executex

ELECTRICALS (3)
Dubilier Ward & Goldstone
MK. Electric

ENGINEERING (8)
Blagden & Noakes Hattersley Steirad
Brockhouse (J.) Lloyd (F. H.)
Clarke Chapman Massey (R. B.)
Ductile Steels Ransomes Sim.

FOODS (12)
Assoc. Brit. Foods International Stores
Assoc. Foods Kwik-Save
Beri'sford (S. W.) Moores Stores
F.M.C. Unigate
Fisher (A.) United Biscuit
Highgate & Job Waller & Hartley

HOTELS (1)
Assoc. Hotels.

INDUSTRIALS (23)
Assoc. Sprayers Hostair
Austin (F.) (Leyton) Jentique
Beatson Clark Leeds Assets
Bluestone Elvin Price & Pierce
Cawdords Rycroft (Bradford)
Cons. Tin Smelters Siebe Gorman
Cowan de Groot Tozer Kemsley
Feedex Turner (Ben)
Friedland Doggart Unilever N.V.
Glanfield Secs. United Carriers
Goldman (H.) Westminster Country
Harris & Sheldon

INSURANCE (1)
General Accident

MOTORS (11)
Plaxtons Gates (F.)

PROPERTY (20)
Amal. Inv. & Prop. Land Secs. 5¾ pc '83
Agyle Secs. Land Secs. 6¼pc
Centrovincial Cap. Conv. 1985
Charlwood Alliance Law Land
Edger Invs. Lewston Dev.
Hammerson "A" Met. Ests. & Prop.
Land & House Regional Props. "A"
Land Invest. Star (G.B.)
Land Secs. Star (G.B.) 6½pc Cnv.
Land Secs. 4pc Conv. U.K. Prop.
1983 Utd. Real Prop.

TEXTILES (2)
Dixon (David) Worth (Bond)

TRUSTS (10)
Bishopsgate Prop. Flag Invest.
BET Defd. Irish Invest.
Direct Spanish Tele. Tor Invest.
Eng. & Scot. Inv. Tyneside Invest.
Equity Inc. El Oro

RUBBERS (1)
Warren Holdings

MINES (3)
Sub Nigel WRIT
Kloof Gld Com. Units

NEW "LOWS" (15)

LONDON U.S. DOLLAR (1)
New Zealand 5¼pc 1985

BANKS (1)
Minster Assets

BUILDINGS (1)
Reynard Exc.

ELECTRICALS (1)
Advance Elect.

ENGINEERING (1)
Jacks (William)

SHIPPING (1)
Court Lines

TEXTILES (2)
Crosses & Heatons Hirst & Mallinson

TRUSTS (1)
Allied Finance & In.

SISAL (1)
Bird and Co.

MINES (5)
Metramar Gold & Base
New Broken Hill St. Piran
Peko-Wallsend

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	18	5	23
Corps. Dom. and Foreign Bonds	23	3	107
Industrials	274	477	962
Financial and Prop.	78	208	258
Oils	5	7	18
Plantations	4	15	68
Mines	8	13	99
Recent Issues	12	15	81
Totals	464	757	1,616

Why Cammell Laird chief left company

BY JAMES McDONALD, SHIPPING CORRESPONDENT

MR. NORMAN Cave, formerly chief executive and deputy chairman of Cammell Laird and Co. (Shipbuilders and Engineers), who "left the company" last week under a reorganisation of the top management, said last night: "My departure from the company is due to disagreement between myself and the shareholders on unresolved policy problems."

Cammell Laird (Shipbuilders and Engineers) was hived-off from the rest of the Cammell Laird group just over a year ago under a Government rescue operation. Its shares are now *held 50-50 by the Public Trustee* and by the Laird Group.

"This is not to say that the shareholders do not recognise the progress that has been made to the restoration of the company's fortunes following the financial crisis of last year. They have acknowledged the extent of my own efforts in this direction, and they have also recognised the importance to the future of the company of the Naval orders which have been procured from the Ministry of Defence in recent months."

But he criticises the manner in which the Department of Trade and Industry and the Laird Group—the shareholders effectively—announced his departure from Cammell Laird—"creating an unfortunate public impression."

"My concern, therefore, is to clear my own name and my reputation in the shipbuilding industry and over a wide field of Government and commercial customers of the industry—in the U.K. and overseas."

Unwise view

Mr. Cave, who refused last night to itemise the "policy problems" over which he and his shareholders disagreed, said in his statement: "I, for one, do not believe that the industry would be wise to rest on the view that these uncertainties and difficulties will be overcome by Government involvement or Government financial aid. The solutions must be found within the industry itself and by all who are employed in it.

"Furthermore, I do not share the view of those who believe that bright accountants, lawyers, economists, industrial psychologists and the like can be the saviours of Britain's shipbuilding establishments."

Unions Act 'not a charter for employers'

By Our Labour Reporter

A NEW BOOK published yesterday warns employers that the Industrial Relations Act is not a charter for unlimited litigation against their workers or trade union representatives.

Peter Paterson, the author, adds: "Voluntary agreement remains the best kind of agreement."

The book is an employers' guide to the new legislation and explains the background to the Act, the institutions such as the National Industrial Relations Court, and provides guidelines for employers.

It tells employers: "Bear in *mind that the Act does not remove an employer's responsibility* to use every endeavour to settle disputes short of legal action. Compensation may be reduced if the court finds that the company concerned has itself contributed to *a bad labour relations atmosphere.*"

An Employers' Guide to the Industrial Relations Act, by Peter Paterson Kogan Page Associates, London, WC1, £1.80.

LONG-RANGE WEATHER FORECAST

Cooler month is predicted

BELOW AVERAGE temperatures but near average rainfall are expected in Britain over the next 30 days, according to the long-range weather forecast issued by the London Weather Centre yesterday.

The period is expected to begin with a spell of mainly dry, sunny weather especially in England and Wales.

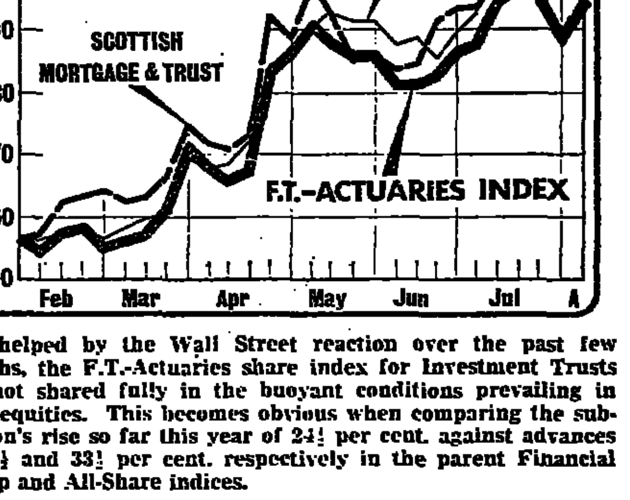
The second half of August will probably be warmer and drier than the first half of September when there may be occasional slight air frost in a few inland places, mainly in Scotland.

Mean temperatures for the 30-day period will probably be below average in all districts, but rainfall and sunshine totals are expected to be "near average."

The centre said unsettled weather had affected most parts of the British Isles for the previous 30-day period with depressions over or near the U.K. on most days.

A Meteorological Office spokesman at Bracknell, Herts, admitted that the previous 30-day forecast—which promised warm dry spells for the first half of August—had gone awry. He said: "We have had a much more unsettled period than we forecast.

"It is rarely possible to put a finger on any one thing and say *this is where it went wrong.*" They expected more anti-cyclonic weather but had a great deal of cyclonic weather instead.



Not helped by the Wall Street reaction over the past few months, the F.T.-Actuaries share index for Investment Trusts has not shared fully in the buoyant conditions prevailing in U.K. equities. This becomes obvious when comparing the sub-section's rise so far this year of 24½ per cent. against advances of 44½ and 33½ per cent. respectively in the parent Financial Group and All-Share indices.

These charts show the pattern of an F.T.-Actuaries index and of prices of two constituents converted to index numbers at weekly intervals over about six months, starting from the same base.

ACTIVE STOCKS

Prices in pence except where otherwise indicated.

	Denomination	No. of marks	Closing price	Change on day	1971 high	1971 low
Burmah Oil	£1	18	452	+ 4	477	297½
Cons. Gold Fields	25p	17	253	− 1	285	213½
Imp. Chem. Inds.	£1	17	324	− 2	330	230
Unilever	25p	16	339	+ 2	340	215
Brit.-Am. Tobacco	25p	15	341	−12	391	265
Barclays Bank	£1	14	597	−11	618	327½
Plessey	50p	14	129	+ 2	154	100
Shell Transport	25p	14	409	+ 5	426	327
Distillers	50p	13	151	− 6	179	125½
Sears "A"	25p	13	128	−10	161	88½
Bovril	£1	11	473	—	482½	172½
Kwik Save Disct.	10p	11	208	+12	208	118¾
Leeds Assets	25p	11	123	+ 5	123	90
BSA	50p	10	23½	+ 3½	85	17½
BSR	25p	10	344	−19	386	223½

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1)(c) and reproduced to-day in Stock Exchange dealings.

SHARE INFORMATION SERVICE: NOTES

The following Notes relate to Share Information Service:—

Denominations are 25p unless otherwise indicated.

Yields allow for value of declared distributions and rights and are based on middle prices.

SPECIAL LIST

RULE 163 (1). (e)

Bargains marked under Rule 163 (1) (e) in securities for which quotation has not been granted and which are not recorded in the Official List.

CORAL INDEX

Close 409-414 412-417 N.T.

F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH LOANS AND AFRICAN

PUBLIC BOARD AND OTHER LOANS

Corporation Short-dated Bonds

FOREIGN BONDS & RAILS

London U.S. Dollar and DM Issues

AMERICANS

S.E. List Premium

CANADIANS

S.E. List Premium

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS, ETC.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING AND METAL

ENGINEERING AND METAL—Gen. Cont.

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS AND CATERERS—Continued

INDUSTRIALS (Miscell.)

"Recent Issues" and "Rights" Page

INDUSTRIAL (Miscell.)—Continued

1971 Low	Stock	Closing Price	+ or —	Div. % or Amount	Times covered	Gross yield %	P/E Ratio
46½	Incledon Lamb.	56	......	15	1.4	6.7	10.5
20	Ind.C.C'ns(10p)	26	+1	6	ф	2.3	ф
45	Initial Services	66½	......	15	1.4	5.6	13.1
22¾	Inter-City (20p)	28¾	......	d6	1.0	3.5	29.5
103	IntComput'rs£1	110	—6	11	1.3	10.2	7.3
108½	Int. Time Rec.	110	......	t20	2.4	4.6	10.3
25	James (John)	32	—1	d12	ф	9.4	ф
20	James M. (10p)	46	......	d20	3.3	4.4	6.8
192	J'rdineM(HK$5)	350	—6	d15.8	2.2	2.0	22.9
11	Jentique (5p)	19	+1	t15	2.0	3.9	12.4
72	Jeyes Group	96	......	19½	1.4	5.0	14.6
37½	Johnson Cle'rs	53	......	8	0.9	3.8	27.5
212	JohnsonMtty£1	275	......	12½	1.8	4.6	12.3
52	Judge Int.	74	......	13	1.3	4.4	17.5
155	Kalamazoo	182	—3	t33½	1.9	4.7	11.7
53	Kangol 20p	90	+1	20	2.7	4.4	8.2
46	Kelsey Ind.12½p	52	—2	24½	2.4	5.9	6.9
31¼	KennedySm20p	48	......	M20	1.7	8.3	7.0
75	Kent (Geo.)(50p)	93	—2	3	t1.6	1.6	56.1
210	Kleeman	280	......	32½	2.0	2.9	17.4
20	Kode Int.	27	—1	—	—	—	—
82	LRC Int. 10p	121½xd	......	d40	ф	3.3	ф
77½	Lamson Inds.	98	......	13½	1.6	3.4	18.7
118¾	Lancaster Cpts.	264	—2	30	3.4	2.8	10.4
32	Launderette 10p	54	+1	d24	2.0	7.1	7.2
25	Lawtex	32	+1	t12	1.3	9.4	ф
30	Lebuff Fobel 10p	56	+1	h/18	1.5	3.2	20.9
10	Lebus Harris £1	22	+1	B—	—	—	—
90	Leeds Assets	123	+5	t25	2.2	5.1	10.5

††INSURANCE

1971 High	1971 Low	Stock	Closing Price	+ or —	Div. % or Amount	Times covered
462	337½	Bowring (C.T.)	456	—4	38	2.6
100	63¾	Brentnall Bd10p	96	—1½	d34	1.7
238	190	Britannic 5p	260xd	......	t165	—
420	330	Comm. Union	452	—8	t61	—
458	271¼	Eagle Star (50p)	432	—2	24	—
280	260	Economic	250	......	45	—
280	214	Equity&Law 5p	256	+2	110	—
302	213	Excess	252	+8	35	—
96	62½	Fenchurch (10p)	91	......	45	1.2
95	51¼	Do. "A" (10p)	89	—1	45	1.2
191	115	Gen. Accident	191	+2	22	—
249	167	Guardian Royal	242	—2	32	—
132	65⅝	Hammond (L.)	120	—2	d20	1.5
217	111⅞	Heath (C.E.)20p	313	—1	87	1.5
142	78¾	Howden(A)10p	138	—2	42½	1.6
347	237½	Legal & Gen. 5p	324	—2	t183	—
422	237½	Leslie & Godwin	418	—4	45	1.8
155	113¼	Lon. & Man.(5p)	152	+2	93½	—
240½	181⅜	Mercury (50p)	196xc	—4	415.8	1.5
365	213¾	Minet Hldgs20p	342	+2	430	2.5
660	400	Orion £1	620	+10	22½	—
282	226¼	Pearl 5p	274	+2	200	—
280	172½	Phoenix	258	—2	34	—
296	190	Price Forbes	280	......	433½	1.6
178	125	Provident "A"	178	......	28	—
175	122½	Do. "B"	175	......	28	—
180	145	Prudential (5p)	177	+1	d64	—
184	147	Refuge "B" 5p	184	......	135	—
66	30	Reinsurance	59	—1	10	—

TIN—NIGERIAN

1971 High	1971 Low	Stock	Closing Price	+ or —	Div. % or Amount	Times covered	Gross yield %
20	12½	Amalgamated	15½	......	5	—	6.1
17½	5½	Ex Lands (10p)	6	+½	—	—	—
6¼	4½	Gold & Base (12½p)	4½	—½	—	—	—
6¼	5	Jantar (12½p)	5½	......	—	—	—

TIN—MISCELLANEOUS

1971 High	1971 Low	Stock	Closing Price	+ or —	Div. % or Amount	Times covered	Gross yield %
315	195	Beralt Tin	[illegible]00	......	t86	2.0	:
6⅞	4¼	Fabulosa (US$1)	4½	......	—	—	—
340	218	Geevor	220	......	t120	1.5	:
126	101	London Tin (20p)	112	+2	42½	1.1	7.6
69½	69	St. Piran	59	—1	20	1.4	8.5

COPPER

1971 High	1971 Low	Stock	Closing Price	+ or —	Div. % or Amount	Times covered	Gross yield %
111	75	Esperanza (12½p)	85	—1	t50	1.5	:
15⅛	10	Indian (10p)	11	......	11.1	3.0	10.1
296	237½	*Messina (R0.50)*	268	+8	t90	2.0	:

MISCELLANEOUS

1971 High	1971 Low	Stock	Closing Price	+ or —	Div. % or Amount	Times covered	Gross yield %
7⅞	5	Burma Mine (17½p)	5½	......	—	—	—
26	17½	Cent.ProvMn(12½p)	21	......	td10	ф	10.1
31	15	Charterhall (5p)	14	—1	—	—	—
612½	375	Cons. Murch (10c)	405	......	t80c	2.1	:
£80	£73¼	G. F. Mg. Ind. Db.	£80	+1	7¼	38.0	10.6
565	405	Northgate (C$1)	420	—5	50c	2.2	5.0
270	210	R.T.Z.	228	—2	24	1.8	2.6
285	89½	Sabina Mines (C$1)	220s	......	—	—	—

For Notes, see Stock Exchange Dealings.

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Lombard

It has happened before

BY JOE ROGALY

ANYONE who is not blessed with a feeling of confidence that the collective wisdom of the economists of the Western World will resolve the present financial situation might take heart from what happened the last time the Americans dissociated the dollar from gold. That was, of course, in 1933, in the middle of President Roosevelt's historic One Hundred Days. One of his first acts on coming to office was to prohibit the export or hoarding of gold. "As long as nobody asks me whether we are off the gold standard, that is all right," he told his Press conference, "because nobody knows what the gold standard really is."

A few weeks later Ramsay MacDonald set off for Washington in hopes of pulling off a coup by arranging for the renewed stabilisation of exchange rates (which were at the time generally in a state of considerable uncertainty); Roosevelt snatched the rug from beneath his feet by announcing, while the British Prime Minister was still in mid-Atlantic, that America would henceforth be off the gold standard. Three of Roosevelt's advisers, having failed to talk the President out of this abandonment, sat up half the night in a Washington hotel room lamenting the decision. In the end, one of them, Lewis Douglas, proclaimed: "This is the end of Western civilisation."

"Mob rule"

This account, which appears in "The Coming of the New Deal," by Arthur Schlesinger Jr., gives part of the flavour of the confusion, conflicting advice, and sheer panic that seems to have embittered international economic relationships during those Depression years. Bernard Baruch, Schlesinger records, said of the departure from gold: "It can't be defended except as mob rule. Maybe the country doesn't know it yet, but I think we may find that we've been in a revolution more drastic than the French revolution." In fact, all that did happen was that Roosevelt undertook or allowed one or two other economic experiments (such as the purchase of gold in an attempt to raise commodity prices and the adoption of a silver subsidy within the American system) and in January 1934 officially devalued the dollar and set the official price of gold at the $35 to which President Nixon says he is still wedded.

The slow economic recovery of the ensuing years may or may not have been the result of these several expedients: there really is no telling. Keynes praised Roosevelt for torpedoing the 1933 London conference on exchange rates with a single "bombshell message" (the economist dubbed the President "magnificently right"), but it is doubtful whether that conference ever could have reconciled the differences between the nations anyway. The most that can be said of those years is that out of them there developed a faith in Keynesian methods, and a belief that economic growth and full employment could be successfully pursued as sane economic objectives.

Bretton Woods

It is also fair, to the economists as well as the politicians, to add that the mistakes of the thirties were redeemed as a result of the general post-war determination to prevent a similar economic tragedy from happening again. The result was the Bretton Woods conference, the GATT, and the system of exchange rate adjustments that has lasted for a quarter of a century. In the past few years, it is true, it has developed into a system of reconciliation by crisis, but even so it has served the West well enough. Now President Nixon has brought the system to an end.

The fundamental reason for this is probably that the intellectual and theoretical foundations upon which the Bretton Woods structure was erected are no longer felt to be solid.

No faith

This time there is no faith and no general belief in anything in particular. Last time, the overriding objective was to increase prices and provide jobs, and then to stabilise currencies: this time the problem is inflation combined with unemployment. The cure that seems to make the most social sense (a search for a workable incomes policy) is derided by classical economists who are nevertheless slow to produce better solutions of their own.

Before serious progress towards it can be made some sort of consensus on trading policy will have to be arrived at. In the Roosevelt years the Americans negotiated new bilateral trading agreements (negotiating tariffs down): the great achievement for commerce in the post-war years was the Kennedy Round. If the result of Mr Nixon's new bombshell is another round of this kind some of the doubts will be dispelled.

C. Gordon Tether is on holiday

THE LEX COLUMN

Index fell 3.3 to 409.3

First chapter of confusion

The market's snap reaction to the Nixon speech was that it would be bad for U.K. trade with the U.S. and that reaction appeared to rule through to the afternoon, for a 2½ point index rise after the 2.45 p.m. low point (a 5.8 drop) looked like a simple reflex action to Wall Street's lightning jump.

The market did not appear to have reflected the likely counter reaction, which is that since only 12 per cent. of the U.K.'s overall exports are to the U.S., and since it is generally thought that any further realignment of world currency parities would leave sterling at a lower valuation on balance vis-a-vis non-dollar currencies, the U.K. might stand to gain from the inevitable repercussions. In fact the situation is complex, for countries with floating exchange rates which could be said to be rationally priced in relation to the U.S. dollar take about 15 per cent. of U.K. exports and the sterling area another 27 per cent.

Looking further ahead it seems likely that the headaches posed by the U.S. 10 per cent. import surcharge will give stock markets outside the U.S. a worrisome time for some while. The countries worst hit are Canada, 69 per cent. of whose exports go to the U.S. and Japan (30 per cent), though the latter at least has the advantage of a falsely undervalued exchange rate. Germany sends rather less than 12 per cent. of its exports to the U.S., but the global picture will be little comfort to a group like Volkswagen which will have seen an effective shift of well over 25 per cent. against its competitive position in the U.S. market relative to 1968.

In currency terms, British Leyland has of course fared much better, though the import surcharge will have the same adverse effect as on VW. The stock market was quick enough to mark back the other major sufferers in the like of BSR, which ended well off the bottom for a 19p loss at 344p, and Distillers, off 6p at the close at 151p.

For BSR, price has always been an important selling point, but it is obviously not a key factor for DCL not perhaps for the general run of British goods which are much in demand in the U.S.

As for the papermakers, the 10 per cent. surcharge does not seem to apply to standard newsprint and lumber: lightweight and coated papers, where it will apply, are of no interest to Reed and insignificant, apparently, for Bowater. November's newsprint price increase will have to be deferred for a month or two, but the crux for both groups is whether the Canadian currency retains its present relationship to the U.S. dollar, remembering that the bulk of output is sold in terms of U.S. dollars and that a one cent variation was said to be costing Reed some $C500,000 a year in sales revenue for each of its two major interests.

Elsewhere, industries such as the pottery manufacturers can at least hope that a serious blow is softened by the fact that Japan is widely seen as the major competitive force. The U.K. motor cycle industry has, of course, its own special problems.

As for the overall equity market, it will probably quickly realise that strength on Wall Street, so far from being a source of comfort, is rather a symbol of the likely cost to the world of this new protectionist move—a cost brought on itself, some would argue.

Bid battles

At one stage yesterday it looked as if Grand Metropolitan had finally "won" the day in the Truman bid battle, with the latest Watney terms turned down by a 5 to 4 majority on the Truman Board and the latter's support for the GM bid reinstated. But the minority of four pulls plenty of weight—with the Buxton family holdings, perhaps 8 to 10 per cent. of the Truman equity—and it has decided to throw it around. They have joined the Watney camp, bringing Watney's stake from a touch under 30 per cent. of Truman to a potential nearer 40 per cent. and the Watney bid is beefed up slightly to bring it into the 465p-470p range against Grand Met's 443p, backed by an 18 per cent. direct shareholding and the support of Whitbread's near-11 per cent.

If the stakes on either side were not so high already, Grand Met. could quite easily argue that the price differential is irrelevant. But as things stand, there seem to be two main alternatives: either another GM bid to tempt out the big institutional blocks which are left, or a withdrawal with some semblance of dignity. The second alternative must be what existing GM shareholders are praying for.

Over in the other main arena, Cavenham's market purchase of nearly 12 per cent. of Bovril yesterday, bringing its total holding up to 34.67 per cent., may be seen as the decisive action in its contest with Rowntree. However, the main comment yesterday was made, implicitly, by the shareholders who sold out. Cavenham's paper bid at 483p a share, partly underwritten or not, is apparently seen as no substitute for cash, now, at 474p.

See also Page 19

Whitbread

A month ago, Whitbread produced an excellent set of 1970-71 results, but dampened things a little by talk of bad weather in June after a strong April-May. What it did not say then, in print, was that this should be read in the context of another substantial rise in profits planned for the current year. That should underpin the shares' recent relative strength, with the p/e up from 16.3 to 17.7 since the results; on top of that, there has been a satisfying attention to balance-sheet detail, with the net overdraft down from £13m. to £4½m. last year. It may be that the remaining discount, against the brewery majors, will be eroded further.

See also Page 19

Ulster: Heath cool on bid to recall Parliament

BY RICHARD EVANS, LOBBY CORRESPONDENT

THE PRIME MINISTER last night reacted coolly to Mr. Harold Wilson's request for a recall of Parliament to discuss the Ulster crisis but said that he would keep the possibility of recall closely in mind.

The Opposition leader had asked for Parliament to be recalled for two days the week after next, but in a letter issued from 10 Downing Street, last night, Mr. Heath said it was not easy to tell how the situation would develop in Northern Ireland over the next fortnight.

Until now, Labour leaders have not been keen to seek the recall of Parliament because they privately agreed with Ministers that little could be achieved. But two developments appear to have made them change their minds.

First, more than 100 Labour MPs have now signed the direct appeal to Mr. Wilson to demand the recall and second, there are signs that the Opposition is becoming much more critical of the Government's handling of the crisis, particularly the introduction of internment.

A debate would give Labour leaders the opportunity not only to seek the latest information on the success of the internment operation, but also to press Ministers on the more long-term political proposals they will have to put forward if the situation is to improve.

The decision to seek the recall in the week after the Bank Holiday rather than immediately was taken in the hope that the situation would come under greater control following the Army's tough counter measures against terrorism and that the debate could take place in a calmer atmosphere.

Mr. Wilson made his request by telephone from his holiday home in the Scillies after consultations with Mr. James Callaghan, "Shadow" Home Secretary, and Mr. Douglas Houghton, chairman of the Parliamentary Labour Party. Both agreed that it was essential to hold a Commons debate on Ulster before the planned return of Parliament on October 18.

The Opposition leader is due to return to London next week to fulfil a long-standing engagement and is expected to request a meeting with the Prime Minister to discuss the Ulster situation.

It was announced yesterday that Mr. Brian Faulkner, the Ulster Premier, will fly to London to-morrow for talks at Chequers on Thursday with Mr. Heath and Mr. Reginald Maudling, Home Secreary, who will fly back from Majorca where he has been on holiday with his family since Saturday.

The meeting, which will be essentially a wide-ranging assessment of the situation in Northern Ireland, will take place two weeks after the Government's decision to intern terrorist suspects, and clearly the success of the internment operation will be a major topic for discussion.

Another subject will almost certainly be the statement last week by Mr. Jack Lynch, Premier of the Irish Republic, calling for the abolition of Stormont and its replacement by a much more broadly based administration.

One of Mr. Heath's objectives will be to try to calm the anger between the two Irish Prime Ministers that followed Mr. Lynch's statement, so that he will be able to take a political initiative when he considers the time is opportune.

Army maintains uneasy calm

BY ARTHUR SANDLES

BELFAST, August 16.

MR. FAULKNER flies to London on Wednesday in the knowledge that the Army holds Northern Ireland in uneasy calm—but that the one-day strike in Londonderry pretty well closed business there to-day.

There is little doubt that Mr. Faulkner will try to stamp very firmly on any idea of tripartite talks involving Mr. Lynch. Such talks are seen here as impractical. This is because the gap between Stormont and Dublin is now vast, and also Mr. Faulkner certainly would not politically survive the Protestant backlash that would follow any talks.

The Army, meanwhile, fights a war of words and is coming under repeated attack for "brutality." Brigadier Marston Tickell, its chief spokesman, said accusations are being investigated, while "strenuously denying" the allegations. It would seem improbable that 12,000 troops do not have one or two "baddies" among them, but some of the stories circulating involve incidents of extreme violence.

In answer to IRA claims the Army to-day gave slightly more detail about the 230 men held under the Special Powers Act. According to Brigadier Tickell more than 80 of them are IRA officers and more than that number are rank and file volunteers. No further arrests have been made since last week

The one-day strike in Londonderry was almost completely effective but it appears that intimidation played a big part in its success. Several shopkeepers who at first kept their doors open received telephone calls which forced them to close. Only 20 per cent. of local postmen turned up for work. Londonderry docks was badly hit as most of the work force is Catholic.

Whether or not the longer-term civil disobedience campaign involving the non-payment of rent and rates will be similarly effective remains to be seen. Stormont's view at the moment is that normal court proceedings will take care of the matter. So far at least the response seems to be modest.

Once more it has been a comparatively quiet day throughout Northern Ireland. There was some rioting in Londonderry which resulted in the Army using CS gas. There was a fairly large fire in Belfast.

IRA 'government'

The IRA Provisionals (the militant wing) has drawn up plans for its own Northern Ireland Parliament and has formed a shadow "government." The "government" will, of course, meet in hiding, but some members have been named. In fact, there is a promise that ministers will meet the Press in about two weeks' time.

Dublin expects British initiative

BY DOMINICK J. COYLE

DUBLIN, August 16.

THE NEWS that Mr. Faulkner is to visit Mr. Heath at Chequers on Wednesday, coupled with the suggestion by Mr. Wilson that Parliament be recalled to debate the Ulster situation, is interpreted in official circles here as an indication that the British Government may be considering an early political initiative in the North.

Ministers also note with satisfaction that Mr. Callaghan, the "shadow" Home Secretary, is maintaining his pressure for tripartite talks at Prime Minister level. However, it is conceded that Dr. P. J. Hillery, Irish Minister for Foreign Affairs, did not have a complete meeting in mind on future policy when he had talks last week in London with Mr. Callaghan.

Set on course

The Government here remains set on its course that "Stormont must go." Ministers directly involved with Northern Ireland policy insist that it is now not a question of modifying the existing system but the complete abolition of Stormont in its present form and its replacement by a new pattern of government.

There are certainly no signs that the Government is reconsidering its policy of actively supporting the Opposition MPs and Senators in the north in their call for a mass programme of civil disobedience. Indeed, official sources suggest that Ministers are now fully confident that the elected representatives of the minority will succeed in getting their supporters to join in the protest campaign.

It is clear that Mr. Lynch's Government is putting a lot of faith in the disobedience campaign as a means of so disrupting the present system of government in the north that some agreed alternative will eventually have to be found.

It is accepted that Stormont may well react to the non-payment of rents and rates by withholding social welfare and other government payments to the people concerned but, it is claimed here, this would immediately lead to a further escalation of the civil protest

Opposition leaders in the North are known to be in regular contact with the Government in Dublin regarding the organising of the civil disobedience campaign, but the Government has given no public indication of precisely how it is backing the programme, other than by moral support.

It is claimed here that one of the objectives of the Lynch Government in enthusiastically backing the Northern Opposition MPs and Senators in their protest campaign is "to take some of the initiative from the IRA." Mr. Lynch has insisted that all public protests receiving Government backing must be non-violent, and I learn that the Prime Minister has also instructed the police to maintain a close surviellance on all known IRA men in the Republic.

Mr. Lynch is to meet the Opposition leaders in the Dail to-morrow to discuss the Northern crisis and his Government's present policies. He is expected to ask them to fully and publicly support his handling of the situation to date.

Fine Gael is likely to demand that militant Republicans are not permitted to use the Irish Republic as a base for launching attacks on the North or as an area for open recruiting.

£15m. rail electrification plan "imminent"

FINANCIAL TIMES REPORTER

A FAVOURABLE Government decision on British Rail's long-standing plans for the electrification of its Great Northern section commuter lines from King's Cross to Hitchin and Royston, and Hertford North is now believed to be imminent.

The project is estimated to cost around £15m. A formal application for the "green light" from the Government was made some time ago.

Extensive track modernisation is now being carried out between King's Cross and Sandy, north of Hitchin, part of the Eastern Region main line to Edinburgh. Signalling on that section is also being thoroughly up-dated.

The scheme is one of three major proposals now awaiting a Government decision. The others are a £10m. project to improve the approaches to London Bridge Station and a similarly-priced plan for resignalling at Feltham to add to the efficiency of trains to Waterloo.

Col. W. H. Whitbread to retire

By Sandy McLachlan

THE chairman of Whitbread, Col. W. H. Whitbread, is to retire at the end of this year. He will be succeeded as chairman by the present chief executive, Mr. Alex Bennett.

This will be the first time since the brewing group was founded

Col. W. H. Whitbread

in 1742 that the chairman has not been a member of the Whitbread family.

Col. Whitbread, who will be 71 in December, is the sixth successive direct descendant of the founder to hold the office of chairman, and the ninth Whitbread to hold the position.

Col. Whitbread has been with the group for 47 years. For 40 of these, he has been managing director or chairman. He handed over the managing directorship to Mr. Bennett in 1968.

The Colonel will not be leaving the Board altogether, however. On his retirement as chairman, he will become president of the company, and will remain on the Board as a non-executive director.

Commenting in the Whitbread annual report, issued yesterday, Col. Whitbread says: "I leave the management and chairmanship with the greatest confidence to my successor and the Board."

Mr. Bennett, 58, joined Whitbread in 1935 as an apprentice brewer. He transferred to the management side two years later, and moved to the head office in Chiswell Street in the City just before the war.

He returned to Whitbread after the war, became managing director in 1949, and was appointed deputy chairman 10 years later.

Carburetter men put on short-time

By David Walker

MORE short-time working has been announced in the motor components industry where an estimated 10,000 people have gone on to a four-day week over the past fortnight in spite of increased demand for cars following the mini-Budget.

The latest casualty is Zenith Carburetter, which revealed last night that its 1,500 shop floor employees at Lewisham, Deptford, Stanmore and Wembley would start short-time operations from next Monday.

The major reason behind the moves, the company stated, was a cutback in schedules by the motor manufacturers in a bid to reduce stock levels.

£202,220 Will of Lt.-Col. E. B. Hambro

LT.COL. EVERARD BINGHAM HAMBRO, a director of the Montagu Trust, the holding company controlling Samuel Montagu, the merchant bank, who died last March, left £202,220 gross, £1,714 net, according to his will published yesterday.

Lt.-Col. Hambro, of Durrington House, Harlow, Essex, was also chairman of Corney and Barrow, the City wine merchants, and a director of many other companies.

Truman Board split on bids

BY SANDY McLACHLAN

THE BOARD of Truman Hanbury Buxton is split almost right down the middle on the competing bids from Grand Metropolitan Hotels and Watney Mann. Five directors headed by the chairman Mr. D. A. Pease are supporting the Grand Metropolitan offer, currently worth around 440p a share. The other four directors headed by the managing director Mr. George Duncan, and including the two members of the Buxton family on the Board, are supporting the latest Watney Mann offer which on current share prices is worth between 465p and 470p a share.

Morgan Grenfell, who are financial advisers to Truman, have advised the Board that in view of the fluctuations in the share prices of Grand Metropolitan and Watney, too much importance should not be attached to the apparent current value of the two offers. Morgan's opinion is that there is little to choose between the two.

Wide open

This state of affairs throws the field wide open as between the two contestants. Grand Metropolitan has 18 per cent. of the Truman shares, plus support of Whitbread's 11 per cent. Watney now has around 30 per cent., plus the probable support of the Buxton family holdings which are estimated at between 8 per cent. and 10 per cent. Grand Metropolitan has the official support of the Truman Board, but Watney has the support of a substantial minority.

It is not easy to classify the two sides of the Truman Board. But roughly speaking it seems as though the traditional brewing interests have opted for the brewery takeover rather than the leisure conglomerate. And with one exception the Grand Metropolitan supporters are fairly recent arrivals to the Board.

Last night the leader of the Watney faction, Mr. Duncan, commented that the even break between the two sides indicated that the situation was finely balanced between the two alternatives.

"We take the view that the commercial advantages are on the Watney Mann side, since they will be able to make savings through rationalisation in addition to development potential," he said.

"All nine Board members regard the redundancy question as extremely important, but we think that previous estimates of redundancies under Watney are too high. We have had our own people look at this and we estimate a maximum of 100 compulsory redundancies by September 1972 out of a total workforce of 1,600."

Mr. Duncan added that shareholders who had invested in Truman had opted for a brewery industry stake, and they would be able to retain this undiluted if Truman went to Watney Mann.

The Watney Mann chairman, Mr. Michael Webster, revealed that Watney had offered to change its name to Watney Mann Truman if the bid were successful in order to emphasise the value which it put on Trumans as a trading name.

On the Watney decision to go ahead with its new offer—which was originally to be conditional on recommendation by the Truman Board—Mr. Webster said that they considered support of four of the directors sufficient.

Meanwhile, the identity of the big buyers of Watney Mann shares still remains am ystery. The Takeover Panel said in a statement yesterday that it was satisfied thatt hese purchases of Watney Mann shares did not constitute associate deals in the context of the Truman bida nd that they did not therefore have to be reported under the associate deals provisions of the takeover code.

However the panel did not investigate to the length of finding out who the principals involved were. It merely spoke to the brokers involved to make suret hey were aware of all their responsibilities on disclosure, and is satisfied with the assurances it received.

The only thing which did emerge yesterday was the fact that the buying of Watney had been carried out by more than one party.

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Strike threat to steel plant

By Alex Hendry

STEEL production at the State-owned Port Talbot plant is threatened by an unofficial pay strike by about 2,000 white-collar workers.

They began the strike yesterday in defiance of the instructions of union officials. A spokesman for the British Steel Corporation said last night that the strike could hit production "in a matter of days."

The strikers are demanding an 8 per cent. cost-of-living pay increase following the 6.6 per cent. paid to more than 100,000 State steelworkers last month. Those increases, paid in advance of the current deal running out next year, were based in part on the increase in the cost of living.

But the National Union of Blastfurnacemen, which staged a four-day pay strike in June, has rejected similar increases and has already threatened another strike by its 15,000 members from September 5

The white-collar workers at Port Talbot—who include office workers and staff involved in production control—are due to meet again next Thursday. About 90 per cent. of the total staff stayed away from work yesterday.

A spokesman for the BSC said last night: "We were given notice of the strike in an unsigned letter on Friday night. It arrived within a few hours of a meeting between management and an official of the men's union, the Iron and Steel Trades Confederation.

"Negotiations on their claim had not reached deadlock and the disputes procedure has not been exhausted."

Weather

U.K. TO-DAY

Most places will have s[…] spells although parts of S. […] land to N. Ireland will be ra[…] cloudy at times, perhaps […] occasional rain in places and fog patches.

A few showers are expecte[…] W. Scotland. S.W. parts […] England and Wales will be[…] more cloudy and there ma[…] rain later.

London; S.E. England; Midl[…]
Dry with sunny spells. […] S.E. light. Max. 21C (70F[…]

E. Anglia; E. England
Dry, sunny spells. Wind […] variable but sea breezes on c[…] Max. 19C (66F), but cooler coasts.

S.W. England; Channel Is[…]
Sunny periods, becoming m[…] cloudy with perhaps some […] later. Wind S.E. moderat[…] fresh. Max. 18C (64F).

Cent. S. England; S. Wa[…]
Mostly dry, sunny spells, be[…]ing rather cloudy later. […] S.E. moderate. Max. 20C (6[…]

N.W. and Cent. N. Englan[…] N. Wales
Dry with sunny spells. […] light variable. Max. 18C (6[…]

Lake Dist.; Isle of Man; S.W. S[…] N. Ireland
Rather cloudy, per[…] occasional rain or drizzle, br[…] periods. Wind W. light. […] 16C (61F).

N.E. England; Borders; E. S[…] Glasgow
Mostly dry, sunny periods […] rather cloudy at times. Wind […] light. Max. 17C (63F).

Cent. Highlands; Argyll; N.W. Scotland
Sunny periods, scatt[…] showers. Wind W. light […] moderate. Max. 15C (59F).

Edinburgh; Dundee
Sunny periods, mostly […] Wind W. moderate. Max. […] (63F).

Caithness, Orkney; Shetl[…]
Sunny periods, scatt[…] showers. Wind W. moderate. […] 14C (57F).

Outlook: Mostly dry with su[…] spells.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	C	18	64	Manchstr.	F	[illegible]	[illegible]
Bahrain	S	37	98	Melbourne	C	[illegible]	[illegible]
Beirut	S	30	86	Mexico C.	C	[illegible]	[illegible]
Belfast	C	14	57	Milan	S	[illegible]	[illegible]
Belgrade	S	32	90	Montreal	S	[illegible]	[illegible]
Berlin	F	21	70	Moscow	C	[illegible]	[illegible]
Birmghm.	S	17	63	Munich	F	[illegible]	[illegible]
Bristol	S	18	64	Newcastle	C	[illegible]	[illegible]
Brussels	F	19	66	New York	S	[illegible]	[illegible]
Budapest	C	29	84	Oslo	S	[illegible]	[illegible]
B. Aires	S	16	61	Paris	S	[illegible]	[illegible]
Cairo	S	38	100	Prague	S	[illegible]	[illegible]
Cardiff	S	17	63	Reykjavik	R	[illegible]	[illegible]
Cologne	F	19	66	Rio de J'o	C	[illegible]	[illegible]
Copnhagn.	R	15	59	Rome	S	[illegible]	[illegible]
Dublin	C	16	61	Singapore	S	[illegible]	[illegible]
Edinb'rgh	C	16	61	Stockholm	C	[illegible]	[illegible]
Frankfurt	F	21	70	Strasbourg	C	[illegible]	[illegible]
Geneva	S	25	77	Sydney	C	[illegible]	[illegible]
Glasgow	C	15	59	Tehran	S	[illegible]	[illegible]
Helsinki	R	17	63	Tel Aviv	S	[illegible]	[illegible]
H. Kong	R	25	77	Tokyo	S	[illegible]	[illegible]
Jo'burg	S	20	68	Toronto	S	[illegible]	[illegible]
Lisbon	S	25	77	Vienna	F	[illegible]	[illegible]
London	S	20	68	Warsaw	C	[illegible]	[illegible]
Luxembrg.	C	19	66	Zurich	F	[illegible]	[illegible]
Madrid	S	33	91				

HOLIDAY RESORTS

Ajaccio	S	30	86	Istanbul	S	[illegible]	[illegible]
Alxndria.	S	31	88	Jersey	S	[illegible]	[illegible]
Algiers	F	36	97	Las Plms.	C	[illegible]	[illegible]
Athens	S	33	91	Locarno	S	[illegible]	[illegible]
Barcelona	S	31	88	Majorca	S	[illegible]	[illegible]
Biarritz	S	28	82	Malaga	F	[illegible]	[illegible]
Blackpool	S	16	61	Malta	S	[illegible]	[illegible]
Bordeaux	S	27	81	Nairobi	C	[illegible]	[illegible]
Boulogne	C	17	63	Naples	S	[illegible]	[illegible]
Casablnca.	S	26	79	Nassau	S	[illegible]	[illegible]
Cape Tn.	C	15	59	Nice	S	[illegible]	[illegible]
Corfu	S	34	93	Nicosia	F	[illegible]	[illegible]
Dubrovnik	S	30	86	Oporto	C	[illegible]	[illegible]
Faro	S	27	91	Rhodes	S	[illegible]	[illegible]
Florence	S	34	93	Salzburg	C	[illegible]	[illegible]
Funchal	S	23	73	St. Moritz	C	[illegible]	[illegible]
Gibraltar	S	27	81	Tangier	S	[illegible]	[illegible]
Guernsey	S	18	64	Tenerife	C	[illegible]	[illegible]
Innsbruck	F	24	75	Tunis	S	[illegible]	[illegible]
Inverness	C	16	61	Valencia	S	[illegible]	[illegible]
I. of Man	F	15	59	Venice	S	[illegible]	[illegible]

S—Sunny. F—Fair. C—Cloudy. R—[…]

Long-range forecast Page […]

هكذا من الأصل